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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Tories seek workers' support

Margaret Thatcher yesterday set the Conservative Party course to fight the next general election as the party of "moderation" that would avoid confrontation with trade unions if it gained power.

Her speech at the end of the day's conference in Blackpool, which she intended to seek significantly wider base support in the quest to oust Labour from power.

Mrs. Thatcher directed her appeal not only to the party faithful but also to industrial workers who have traditionally been a mainstay of the Labour vote.

Page 13 and 14

BUSINESS

Equities lose 20.7% over Account

EQUITIES improved in late dealings, with the market encouraged by the September trade figures. The FT 30-share index rose 4.3 on the day to 500.4, for a fall of 17.3 on the week and one of 20.7 on the account.

Page 13

ing Crosby dies

Crosby, the legendary "Old man", who changed the whole of popular singing, died yesterday after suffering a heart attack while playing golf at La Jolla Club outside Madrid.

Page 13

ow-out fire

Uncontrolled blow-out has hit an oil rig, Maersk Explorer, in the North Sea. Two men were injured in the blow-out from a structure which caused an explosion and set the rig on fire.

Page 10

ter book

Sunday Times can go ahead with publication of extracts from Charles Raw's book "Slayer". The Appeal Court has ruled that there was no breach of agreement between Mr. Raw and the Observer.

Page 12

ll case fines

Men who pleaded guilty to illegally harbouring Mary Bell, convicted child killer, after escaping from prison last year, have been given six months' prison sentences and fined for two years and each £100.

Page 10

boy captured

British People's Liberation Army claims to have ambushed a British army convoy near a village and captured a 600 Government troops.

Page 10

lary ill

Imund Hillary (88), the first to climb Everest, has been seriously ill in North London, leading a joint Indo-New expedition up the mountain from its base in the Himalayas.

Page 10

elly...

Lower House of Parliament has passed a Bill granting amnesty to political prisoners.

Page 13

winners of the 1977 Nobel

For Economics have been announced as James Meade of Cambridge and Bertil Ohlin of the Royal Academy of Sciences.

Page 13

European bloodstock sale

was made at Newmarket on Friday when Mr. Robert Taylor paid £250,000 for a yearling.

Page 13

EF PRICE CHANGES YESTERDAY

Cons. Gold Fields	222 + 4
Durban Deep	228 + 3
Harmony	435 + 29
Kloof Gold	745 + 75
Union Corp.	278 + 9
West Drie	2213 + 1

Top German aide flies to hijacked jet

A TOP aide of Herr Helmut Schmidt, West German Chancellor, last night flew to Dubai, where terrorists are holding some 87 people aboard a hijacked jet. The German government has threatened to blow up the jet unless their demands are met by tomorrow.

The terrorists—two Arab, and apparently two German—who hijacked the jet on a flight from Mallorca to Frankfurt on Thursday night, appear to have co-ordinated the operation with the German Red Army Faction, who for the past 40 days have held captive the German industrialist Dr. Hanns-Martin Schleyer.

Their demands—including the release of 11 German terrorists as well as of two Palestinian terrorists held in Turkey, the provision of more than \$15m. in ransom, and an airlift to fly them to Vietnam, Somalia, or South Yemen—were promptly echoed in a message by the Red Army Faction to the German government.

A joint ultimatum was yesterday sent to the Paris newspaper France-Solr and other newspapers by the Red Army Faction and a hitherto unknown group calling itself the "Struggle against World Imperialism Organisation", setting a deadline of 8.00 GMT for the fulfilment of the demands.

The sending to Dubai of Herr Hans Juergen Wischniewski, Minister of State at the German Chancellery, follows a crisis Cabinet meeting, and two meetings of the Bonn "crisis staff".

Late last night, the Lufthansa Boeing 737 was standing isolated at the end of a runway at Dubai airport, surrounded by troops hidden behind sand dunes and the airfield's radar screen.

The Dubai authorities were reported to have agreed to supply the hijackers with enough fuel to keep generators and air conditioning units functioning on their aircraft—but not enough to allow it to take off again.

People involved in the negotiations inside the control tower said the two male terrorists with whom they had been dealing spoke with "low-class Palestinian accents", and gave Arab names.

Reports reaching Bonn suggested there were four hijackers.

Continued on Back Page

Record £526m. quarterly surplus

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Britain's current account is now moving into sizeable and sustained surplus after the best quarterly figure on record.

In September, the surplus was £426m., only £24m. lower than in the previous month when imports were erratically low.

The surplus for the last three months is £526m., compared with a deficit of £241m. in the second quarter.

The result is that the cumulative current account deficit in the first nine months of the year is £176m., and if recent favourable trends continue, the U.K. should be in surplus for 1977 as a whole.

The improvement so far this year reflects not only the impact of North Sea oil but also a sharp rise in other exports.

The optimistic picture is only partially qualified by a continuing high level of imports of manufactured goods, by more cautious surveys of export growth prospects next year, and by questions of long-term competitiveness raised by the steady increase in export prices.

The trade figures and the decline in the rate of price inflation—also announced yesterday—were taken up by several Cabinet Ministers.

The Prime Minister said the moral was that we must keep right on with our policies—all of them, and he stressed the oil rigs and by favourable movements in other export items.

Export volume was 23 per cent higher in the third quarter. Sales of machinery have been particularly strong and the U.K. has been obtaining its share of the U.S. deficit.

Import volume was 1 per cent up on a quarterly basis (after excluding North Sea installations).

However, the volume of imports of manufactured goods, excluding ships, aircraft and oil rigs, was nearly 94 per cent higher, with cars and durable goods prominent.

Overall, it has been broadly estimated within Whitehall that North Sea oil has had a favourable impact of about £1.77bn. on trade in oil so far this year compared with what might have happened otherwise.

The other major influence recently has been the rise in export prices—up 23 per cent on a quarterly basis—partly as a result of the recent strength of sterling.

Consequently, the terms of trade index—the ratio of export to import prices—rose by 24 per cent in the third quarter, and in September was at its highest level since the end of 1973.

In September, the visible surplus of £426m. to £510m.

BALANCE OF PAYMENTS		
Current Account	Current Account	Current Account
£m. seasonally adjusted	£m. seasonally adjusted	£m. seasonally adjusted
1976 1st	-538	+448
2nd	-907	+517
3rd	-1,144	+633
4th	-982	+568
1977 1st	-962	+501
2nd	-733	+492
3rd	+1	+526
4th	-277	+164
1st	-310	+164
2nd	-310	+175
3rd	+140	+175
4th	+91	+175
1st	+91	+175

Balance of payments table Page 12
Callaghan and Healey speeches Page 13

Ford stewards reject pay offer of 12%

BY NICK GARNETT AND CHRISTIAN TYLER

SHOP STEWARDS representing manual workers at Ford's 23 plants yesterday rejected a pay offer averaging 12 per cent, more than 12 per cent as against the Government guideline of 10 per cent, which the company says will be its last.

Mass meetings will be held throughout next week. If there is a clear majority in favour of the company's 37,000 hourly-paid workers, executive councils of the car unions will be asked to sanction strike action.

Uncertainty about the Government's pay strategy was a factor in the decision. Mr. William Rodgers, Transport Secretary, failed to persuade road hauliers to revoke a 15 per cent settlement in the West Midlands. Sanctions of some kind are now likely.

Mr. Moss Evans, general secretary-elect of the Transport and General Workers Union and the chief union negotiator for the Ford workers, said there was a good deal of anger that the company had not conceded the 15 per cent across the board claim. There was considerable feeling, however, among many of the 150 shop stewards who unanimously rejected the deal.

The timing and nature of such sanctions was not apparently considered. But one possibility is that ministers will widely publicise the deal and urge customers to go elsewhere.

The West Midlands deal has already had an impact in other areas. Mr. Rodgers, acting in concert with other Ministers, is alarmed that a pattern will be established for up to 1m. lorry drivers across the country and spill over into settlements for workers with which drivers come into regular contact.

John Elliott writes: Most pay settlements being reported to the CBI's pay data bank are still within the Government's overall 10 per cent pay guidelines. After 11 weeks of monitoring the progress of pay negotiations, the CBI said last night that 98 per cent of a total of 434,000 employees covered by Phase Three deals were within the guidelines and that 47 settlements covering 80,000 workers involved productivity deals. But a significant proportion of nearly 450 claims reported covering some 3.5m. workers would add 30 per cent or more to wage costs if they were met in full.

Inquiry into jobbers' merger

BY MARGARET REID

THE GOVERNMENT is expected to consider whether, with the Stock Exchange yesterday, a number of jobbers, the terms of which are being investigated by the Monopolies Commission, could be bought and sold could alter in a way which would increase the cost of investment.

At the same time, it will also assess whether the merger would increase the efficiency of the securities market, with benefit to investors.

The Stock Exchange, whose chairman is Mr. Nicholas Godson, reacted sharply to the news.

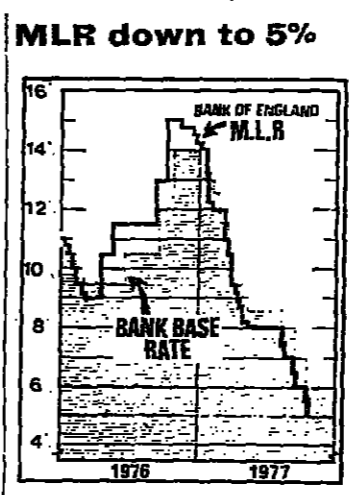
Mr. Tony Lewis, chairman of Smith Bros., the group whose own shares are quoted and which had made an agreed 2.8m. share-exchange offer for the privately-owned Biscoed Bishop—said last night: "I think this is a political decision."

"There seems to be no logic in the reference. The overlap of stocks dealt in terms of the merger deal is minuscule."

Of the 2,700 stocks the two concerns trade in, only 47 appear on the lists of both. If the merger plan was to be put on ice during what he hoped would be only an "irritating delay."

The reference, made by Mr. Roy Matherley, Prices and Consumer Protection Secretary, has clearly been prompted by the Government's wish to be advised whether the prospective further concentration in the jobbing industry would adversely affect the investing public.

The Commission can be expected to consider whether, with the Stock Exchange yesterday, a number of jobbers, the terms of which are being investigated by the Monopolies Commission, could be bought and sold could alter in a way which would increase the cost of investment.



Big banks' base rate cut to 6%

BY MICHAEL BLANDEN

THE COST of bank overdrafts set again yesterday as all the big four London clearing banks announced a reduction of 1 per cent in their base rate to 6 per cent.

The move followed the expected 1 per cent fall in the Bank of England's minimum lending rate to 5 per cent, after the weekly Treasury bill tender.

All the big banks, however, decided to keep the rate paid on seven-day branch deposits at 3 per cent, taking a cut in their profit margins rather than risk a further outflow of funds to the building societies.

The Bank of England also announced another £500m. issue of long-dated Government stock. The issue will provide the Bank with stock on tap as a further contribution to financing the Government's borrowing requirement.

The stock is being issued in partly-paid form, spreading the payments over the next two banking months.

It will also give the authorities a supply of securities to meet foreign demand, helping to reduce the impact of any further inflows on money supply.

Yesterday the Bank again took in foreign currency for the Continued on Back Page

Retail prices rise slows

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of retail price inflation is declining significantly and moving down towards the Government target of a 12 in 13 per cent increase in the year to December.

The retail price index rose by 15.6 per cent in the 12 months to September. Department of Employment figures showed yesterday. This compares with an increase of 16.5 per cent in the period to August and is the third successive monthly decline from the recent peak rate of 17.7 per cent in June.

The figures were immediately and joyfully seized upon yesterday by members of the Cabinet in an apparently concerted round of speeches on the economy.

The retail price index rose by 0.5 per cent last month to 185.7 (January, 1973=100), the same rise as in August. This is the fifth successive month during which the index has risen by less than 1 per cent, and the total increase in the last six months is 5.6 per cent.

A fall in the price of seasonal foods such as fresh fruit and vegetables (notably potatoes) has made a major contribution, and the index of seasonal food prices is now lower than 12 months ago.

The underlying improvement in recent months is best indicated by the index for all items except seasonal food measured over the last six months and expressed at an annual rate. This stood at 94.1 per cent in the period to September, compared with 14.9 per cent in the previous month and 20 per cent in May.

This trend is the combined result of the strength of the pound, stable commodity prices in recent months, the effective freezing of many public sector charges until after the end of 1977 and a lower rate of increase in labour costs.

The all-items index, including seasonal food, rose by 10.5 per cent in the first nine months of the year and will have to continue to rise at the recent monthly rate of around 1 per cent to meet the Government target.

But the immediate price outlook is relatively favourable with the latest cut in the mortgage rate.

Raw material prices Page 12
£ in New York Page 12

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PERSONAL PENSION PLANNING

The week in London and

Back down to 500

ONLOOKER

AFTER a rather nervous week's trading in which the Financial Times Industrial Ordinary Index fell back below 500 both equities and gilts were looking more resilient in late trading yesterday following the announcement of good Trade Figures and a 1/2 point cut in MLR. Such was the late revival that the gilt market apparently took a new "tap stock" in its stride.

For much of the week, however, there were widespread falls. The resumption of dealings on Monday followed the similar pattern of profit taking seen the previous Friday and gilts finished the day over 2 1/2 points lower. After a small rally on Tuesday sellers were again out in force on Wednesday. (Growing concern over the Ford pay talks and the latest money supply figures left gilts about 2 1/2 points lower but the prospect of a further cut in MLR prompted some late recovery.)

The Ford dispute and the miners claim affected sentiment in the equity market and on Thursday the F.T. Index slipped below 500 and, after a fairly solid start, gilts were also easier on the prospect of another "tap stock." Friday started with little interest being accorded to gilts or equities until the late rally.

Fixed interest

Three new loan stocks from Industrial and Commercial Finance Corporation placed this week are a cautious attempt to test the water of the debenture and loan stock new issue market. It appears cautious because the quotation is for up to £10m. of each stock, but ICFC has only kicked off by placing £2m. of each. Yet the reception to the ICFC issues when dealings start on Monday will not be much of a guide to the market as a whole. The longest date on the three stocks is 1990, whereas a conventional debenture issue has a life of around 20 years.

The market has not seen a regular flow of debenture issues for around five years. However

there is plenty of investor interest in quoted stocks, especially since they are now exempt from the 2 per cent stamp duty. Yields on blue chip loans are now only marginally higher than comparable gilt edged, but finance directors are unwilling to commit themselves while long dated gilts are offering returns of 11 1/2 per cent.

To get a 30-year debenture off the ground in the current market companies would have to come up with a yield of 12 1/2 per cent, even from a first-class company. Possibly some-one like ICFC, who is basically relending the money, can go along with current rates, but the guess is that most finance directors for industrial groups will hold out until corporate yields come down to 10 or 11 per cent.

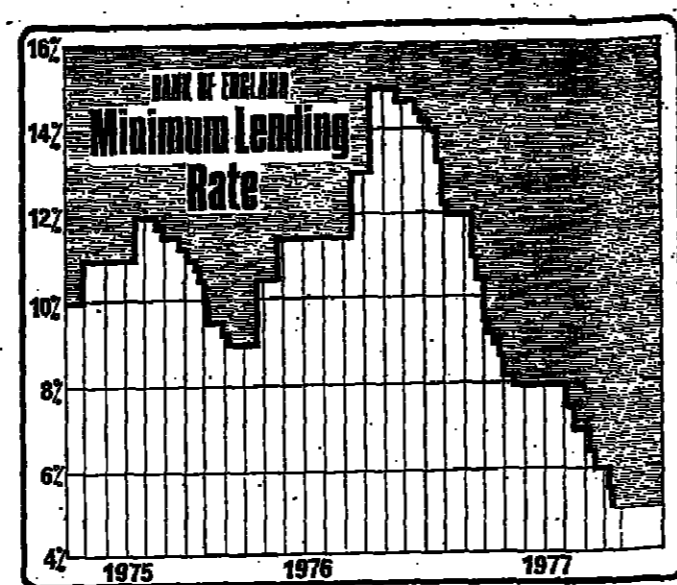
Convertible on the other hand are attracting far less market interest. In a rising market investors tend to switch out of convertibles to buy ordinary shares in order to take the full benefit of rising equity prices. The effective conversion premium of convertibles has fallen dramatically, and some are standing at a small discount to the ordinary. Debenhams' convertible trading at a 35 per cent premium to the ordinary earlier in the year is now down to 1 per cent.

The chance of more convertible issues looks remote. If anything the trend is going the other way with companies improving the convertible terms to get the stock off the balance sheet. Both Delta and Ready Mix have done that exercise this year, and the market is looking to Grand Metropolitan to offer a similar carrot in the New Year, when the last conversion date on its £21m convertible draws near.

Panel conundrum

Rule 5 of the City Code on Take-overs and Mergers says that shareholders "must be informed where any firm intention to make an offer is notified to a Board from a serious source." A statement in April this year tightened up the rules of the game to the extent that where there was a situation which could result in a leakage of information the recommendation was that for safety's sake, shareholders should be informed as early as possible.

This is all very well, but since then there have been a number of situations where discussions have been announced, resulting in sharp rises in share prices,



but which have subsequently come to nothing.

For example, B. S. and W. Whiteley announced as far back as August 11 that a possible bid was in the offing. On that day, the Whiteley share price jumped from 20p to 32p and by the beginning of this week a level of 54p had been reached. On Wednesday, the day that shareholders were told that talks had come to nothing, the price slipped back to 37p, but has since recovered to 40p—that is, still double the starting point.

Earlier this year, in May, the share price of Laurence Scott jumped from 74p to 108p on news of talks. The share price is still 120p, against a low for the year of 44p.

A more recent instance is Edinburgh and Dundee Investment Trust. Again, talks with an unnamed party had the effect of pushing the share price of this, an important £90m. Scottish investment trust, way above its market price. To date, no firm bid has emerged, and, despite rumours, shareholders are still none the wiser over the identity of the other party. All that is known is that, having failed to impress the Edinburgh and Dundee Board, a bid may be made direct to shareholders.

No blame can possibly be attached to the managements of these companies, who have clearly complied with the rules. However, it is difficult not to come away with the impression that perhaps the tightening of the rules has led to a situation where there could be room for abuse.

Mail order trends

The results from Empire Stores this week rounded up the run of figures from the three major quoted mail order houses.

In general the results were considered a little disappointing and the shares have fallen particularly heavily in the latest downturn. But then the shares had been a strong market in 1977.

In the first nine months of this year Empire, Freemans and Grattan had outperformed the All Share Index by 55, 70 and 45 per cent, respectively. Moreover they had beaten the stores sector generally which had outpaced the All Share by 24 per cent.

Mail order houses, however, started the year at very depressed levels since they are particularly vulnerable to inflation. When inflation was running at 25 per cent, serious doubts arose about how the mail order houses could finance the inevitable increase in debtors. In fact they had to restrain the expansion of sales and let the high street stores (which obviously do not give credit) take some of their market share.

Now that inflation appears to be in check, the houses feel confident enough of their financial ability to push sales ahead again. This push has been helped, paradoxically, by the squeeze on personal incomes in the first half of the year since consumers have found the attraction of credit all the more compelling. Overall sales have risen by an impressive 25 per cent, and so some of the ground lost to the high street stores has been regained.

Next year, mail order houses will probably not beat the stores so easily. But the stores may still prosper since they remain at a discount to the stores sector as a whole. If the inflation fear continues to recede, the discount could narrow even further than it already has.

New York

Fall watchers

BY STEWART FLEMING

NEW YORK, Oct. 14

THE SLIDE still goes on, a day on Wednesday and Thursday.

There is no hint of a real rally in the air and the first whiff may not appear until investors sense some true stability in short-term interest rates. From the time the market opened on Thursday the greatest single anxiety has been money supply and as each hour passed the conviction gained ground on Wall Street that at 4 p.m. on Thursday afternoon the Federal Reserve Board would reveal a major increase in the money supply for the week ending October 5.

This impulse, which wiped 18 points off the index, proved alarmingly correct, since yesterday's money supply increases were among the largest recorded this year and pushed the growth in money supply even further beyond the Federal Reserve Board's targets.

The Fed's pace-setting funds trading that was extremely light on Monday and Tuesday and only a moderate 22.4m. shares

There should be a majority domestic control of natural resources. And this is what the Foreign Investment Review Board is all about.

But while CRA's plans seem for the moment to be stalled, it does seem that the Board has been pre-empted by the NSW Government, raising questions of relations between states and the Commonwealth.

The latest Commonwealth Government statement on the issue said that CRA could acquire up to 50 per cent of CAIL provided RIZ was prepared to move progressively towards Australian majority ownership of CRA. CRA is prepared to do this but not on a rigid timescale.

The refusal to grant a mining lease to CAIL, however, cuts across the normal practice. The authority to prospect has usually been followed by the grant of a mining lease, in the event of a discovery, subject to environmental and equity considerations.

In short, the accepted rules of the game have been changing. Mr. Rod Carnegie, the CRA chairman, talked about this a month ago. "If the position is left unclear, every one will suffer. If the rules are made clear, we have shown we will live by the rules made by both political parties," he said.

But CRA is already in position, with a spread of interests across Australia. The mining industry argues that unless uncertainty is removed, foreign capital will not come in. Traditionally, of course, Australia has not been able to generate sufficient domestic capital for the development of its natural resources at the pace the country has hitherto seemed to want.

The reaction to the NSW Government's move was therefore sharp, if predictable. It came from Mr. G. Paul Phillips, the executive director of the Australian Mining Industry Council.

"I fail to see how it can be regarded as in the national interest if it has the effect of reducing Australia's ability to attract both domestic and overseas capital," he said.

Mining

BY PAUL CHEESERIGHT

FITTING A mining industry into a national economic framework is like trying to write a constitution. It is a question of finding a system of checks and balances. Most nations start on the premise that the State holds sovereignty over natural resources.

But this has to be weighed against the claims of foreign capital for security of investment. The role of foreign capital itself has to be considered in relation to the generation of domestic capital. The fact of mining has to be weighed against the environmental consequences of digging holes in the ground, and building plants which let off effluents. And so on.

Certainly the whole matter is, and will be, the source of passionate debate, especially if changing politics and differing perceptions of mining's role in the economy build up pressures for changes in an established system. This is what is happening in Australia.

Coal debate

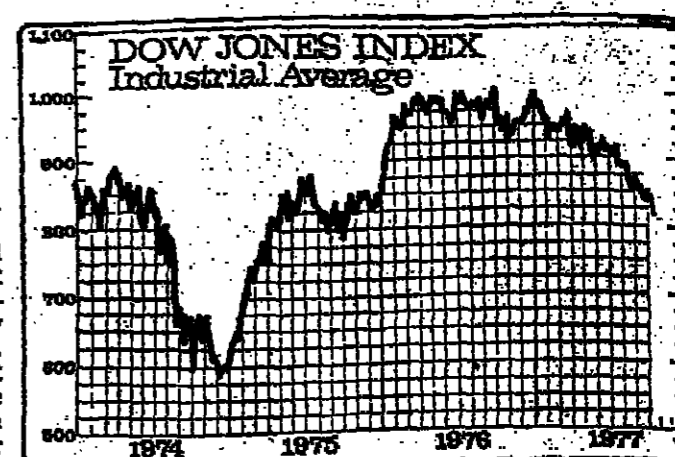
The debate has been given a twist by this week's developments in New South Wales. Coal and Allied Industries (CAIL) has a 800m. tonnes coal deposit at Warkworth, but the company is the subject of a bid from Cominco Rietveld of Australia, the Australian arm of Rio Tinto-Zinc of London, which owns 72.6 per cent of equity, and an Australian concern called Howard Smith. CRA-Smith has built up a 55 per cent stake in CAIL.

The CRA-Smith bid has been frozen by the Foreign Investment Review Board. It wants to look at the implications of a takeover by foreign capital of a company whose main asset is a significant source of future export revenue.

Enter the Government of New South Wales. CAIL will not be given a mining lease for Warkworth. That will go to the state-owned New South Wales Coal and Allied Industries Commission.

New South Wales, which will have a majority holding in the project. But CAIL can have a first option on taking a minority holding.

The reasoning behind the NSW Government's step is that



When the President projected that the oil companies would have a combined income of \$100bn. by 1985, meaning sales and not profits, some of his strongest critics in business threw up their hands and wondered how a President who could not even get the local economy right could possibly be sympathetic to their problems.

Moreover, there has been no really good news from Washington to help offset the depression over interest rates. The retail sales figures for September revealed that consumer spending might be faltering while President Carter's rudeness to the oil companies and uncompromising defence of his energy programme has been given a poor rating in Wall Street.

Gold fields is paying a maximum permitted dividend for the year of 8.33p. This is equivalent to a gross 12.4722p, against 11.3885p 1975-76.

The group had a mixed year. There were problems with copper, beach minerals and income from gold and investments was stagnant. Coal and tin interests had a year and the industrial side the business had higher profits

Monday 300.25 -0.25
Tuesday 312.25 -0.25
Wednesday 312.25 -0.25
Thursday 312.25 -0.25
Friday 312.25 -0.25

Checks and balances

BY PAUL CHEESERIGHT

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MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1977	1977	
	Ytd	Week	High	Low	
F.T. Ind. Ord. Index	500.0	-17.2	549.2	357.4	Small selling in unwilling market
Govt. Secs. Index	76.75	-1.79	79.85	60.45	Profit-taking
Gold Mines Index	161.4	+14.8	161.4	95.1	Strength of bullion price
Treasury Variable '81	98 1/2	+ 3 1/2	98 1/2	97 1/2	Rate of first div. payment
Beralt Tin & Wolfram	56	+ 9	56	25	Bid rumours and Wolfram price
BP	884	-28	966	776	Wall Street influences
Cons. Gold Fields	222	+17	223	133	Gold investment prospects
Elliott Group	23	-10	44	20	Doubts about £54m. M.E. contracts
Falcon Mines	185	+27	185	70	Gold strength
General Accident	256	-25	286	158	Adverse sector rumours
Glaxo	582	-36	667	401	Disappointing annual results
Hunting Gibson	290	+77	310	140	Bid hopes
Lankro Chemicals	201	+77	205	86	210p bid from Diamond Shamrock
Lindt Industries	130	+40	133	58	Bid from Hanson Trust
Lucas Industries	288	-19	338	203	British Leyland dispute
NatWest	245	-25	300	205	Fears of fresh base rate cuts
Photo-Me Intl.	180	+20	180	128	Good annual results
Saint Piran	80	- 9	90	35	Profit-taking
Tanganyika Concessions	134	-15	164	129	Gloomy Union Miniere outlook
Whiteley (B. S. & W.)	40	-12	54	18	Bid discussions break down

U.K. INDICES

	Average	Oct. 14	Oct. 7	Oct. 30
Govt. Secs.	76.85	78.83	78.82	
Fixed Interest	78.94	80.10	78.35	
Indust. Ord.	504.2	517.1	519.8	
Gold Mines	155.7	147.7	146.1	
Dealings mk.	5,754	4,304	4,296	

FINANCIAL TIMES

Govt. Secs.	76.85	78.83	78.82
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Indust. Ord.	504.2	517.1	519.8
Gold Mines	155.7	147.7	146.1
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FT ACTUARIES

Capital Gds.	214.05	218.52	215.42
Consumer (Durable)	205.43	205.45	202.05
Consumer (Non-Durable)	205.18	208.55	205.89
Ind. Group	214.12	217.82	215.51
500-Share	238.58	243.14	241.27
Financial Gp.	174.82	182.21	175.18
All-Share	220.48	225.50	222.50
Red. Debs.	61.98	62.53	59.70

TV/Radio

† Indicates programme in black and white.

BBC 1

8.50 a.m. Begbush. 9.05 Gymnast. 9.30 Multi-coloured Swap Shop. 12.55 p.m. Weather. 12.55 Grandstand: Football Focus (12.35); Motor Cycling (1.00, 1.35); The John Player "Race of the Year"; Racing from Kempton Park (1.20, 1.50, 2.30, 3.00); Judo (2.05) The Phillips All-England Championships; Sailing (2.20) Round the World Yacht Race; Race Walking (3.15) The Lugano Trophy; Rugby League (3.50) Ezzo Yorkshire Cup Final; Featherstone Rovers v. Castleford; 4.40 Final Score. 5.10 The Tom and Jerry Show. 5.25 News. 5.35 Sport/Regional-News. 5.40 The Basil Brush Show. 6.10 Dr. Who. 6.25 Bruce Forsyth and the Generation Game. 7.30 The Duchess of Duke Street. 8.25 The Dick Emery Show. 9.00 Starkey and Hutch. 9.50 News. 10.00 Match of the Day. 11.00 Parkinson. All Regions as BBC 1 except at the following times:—

Wales—8.40-9.05 a.m. Telfant. 12.00 News and Weather for Wales.

Scotland—4.55-5.10 p.m. and 5.35-5.40 Scoreboard. 10.00 Sportscene. 10.25 Conference 77 of the Scottish Labour Party. 10.30-11.00 The Liver Birds. 12.00 News and Weather for Scotland.

Northern Ireland—5.00-5.10 p.m. Scoreboard. 5.35-5.40 Northern Ireland News. 12.00 News and Weather for Northern Ireland.

BBC 2

8.05 a.m.-1.55 p.m. Open University. 3.25 p.m. Saturday Cinema: "She," starring Ursula Andress and Peter Cushing. 5.05 Horizon. 6.00 Open Door. 6.30 Sight and Sound in Concert: Racing Cars and John Martyn (simultaneous with Radio 1 in stereo). 7.30 News and Sport. 7.45 The Gun. 8.00 The Lively Arts—in Performance: "Fidelio," Beethoven's only opera. 11.00 Film International: "Adoption." 11.25 News on 2. 11.30 Midnight Movie: "Kiss Her Goodbye," starring Elaine Stritch. 12.35 a.m. Reardon on Snooker with Ray Reardon. 9.05 Sesame

Street. 10.00 Our Show. 11.00 Space 1999. 12.00 Happy Days.

12.30 p.m. World of Sport: 12.35 On the Ball; 1.00 International Sports Special (part 1); Motor Racing; 1.10 News from ITV; 1.20 The TV Six—1.30, 2.00 and 2.40 from Catterick; 1.45, 2.35 and 3.00 from Newmarket; 3.10 International Sports Special (part 2); Gymnastics; Motor Cycle; Jumping and Drag Racing; 3.50 Half-time Round-up; 4.00 Wrestling; 4.30 Results Service. 5.05 News. 5.15 Mr. and Mrs. 5.45 The Masterspy. 6.30 New Faces. 7.35 Action Adventure: "Escape From the Planet of the Apes," starring Roddy McDowall. 9.20 Police Woman. 10.15 News. 10.30 Saturday Special—Celebrity Concert: Neil Sedaka. 11.30 Pro-Celebrity Snooker. 12.15 a.m. So It Goes. 12.45 Close: Brian Corby reads a sonnet by Edmund Spenser. All TBA Regions as London except at the following times:—

ANGLIA

9.00 a.m. Reardon on Snooker. 9.30 Times. 11.30 Spiderman. 11.45 Times. 12.05 Phoenix 2. 12.15 p.m. Times. 12.30 Chub. 12.35 a.m. At the End of the Day. 9.00 a.m. Reardon on Snooker. 9.30 Times. 11.30 Spiderman. 11.45 Times. 12.05 Phoenix 2. 12.15 p.m. Times. 12.30 Chub. 12.35 a.m. At the End of the Day. 9.00 a.m. Reardon on Snooker. 9.30 Times. 11.30 Spiderman. 11.45 Times. 12.05 Phoenix 2. 12.15 p.m. Times. 12.30 Chub. 12.35 a.m. At the End of the Day.

ATV

9.00 a.m. Reardon on Snooker. 9.30 Times. 11.30 Spiderman. 11.45 Times. 12.05 Phoenix 2. 12.15 p.m. Times. 12.30 Chub. 12.35 a.m. At the End of the Day.

12.30 p.m. World of Sport: 12.35 On the Ball; 1.00 International Sports Special (part 1); Motor Racing; 1.10 News from ITV; 1.20 The TV Six—1.30, 2.00 and 2.40 from Catterick; 1.45, 2.35 and 3.00 from Newmarket; 3.10 International Sports Special (part 2); Gymnastics; Motor Cycle; Jumping and Drag Racing; 3.50 Half-time Round-up; 4.0

Your savings and investments

The cost of income

BY ERIC SHORT

SINCE THE TAX SYSTEM in the U.K. penalises income and interest payments much more heavily than capital gains, there have appeared in recent years several attractively designed packages which offer higher rate taxpayers instant solutions to their tax-minimisation requirements. One such package which has received a lot of publicity recently is the withdrawal facility attached to a life assurance bond.

The Inland Revenue has been particularly accommodating in respect of such schemes. An investor in a life assurance bond can withdraw up to 5 per cent. of his initial investment each year, without incurring any personal tax liability at the time of withdrawal, subject to an overall limit of 100 per cent. of the initial investment. Thus, for example, someone investing £10,000 in a bond can withdraw £500 a year for 20 years, without deduction of tax at the time of each withdrawal. For an investor paying tax at a top rate of 60 per cent., this is equivalent to a grossed-up return of 12.5 per cent. on the original investment. But although the package looks attractive, a closer examination reveals certain flaws that interested investors should understand.

In the first place, technically such an investor is not receiving income so much as realising part of his capital. Provided the average growth rate on his bond exceeds 5 per cent., then his original capital will remain intact. But investors should always bear in mind occasions like the 1974 bear market, when values were halved. They need to preserve some form of flexibility in their arrangements,

so that there is no necessity to cash-in in a depressed year.

Secondly, the payments are not tax-free as such—the tax liability is simply deferred until the bond is cashed in. Those advertisements that talk about tax-free payments are misleading. The method of computing ultimate tax liability is complex, but the calculation is shown in the table. The theory is that an investor will take his withdrawals during a period when his tax liability is high, and cash in when his liability is reduced: after retirement, perhaps. In practice, however, matters may not turn out so conveniently.

Taking these two factors into account, the picture does not look so rosy. What's more, let's look at an actual comparison between a life bond and a high income trust, looking at the income payments over 20 years and the return at the end of that period. The tables below show the position for two investors—a standard rate taxpayer and one with a top rate of 60 per cent. Obviously certain assumptions have to be made, and we are taking as our starting point a 7½ per cent. growth rate for equity bonds—the rate used by life companies in their illustrations.

On this assumption it is conservative to reckon that high income funds, where the dividends are being paid out, will reinvested, will grow at 4 per cent. Our second assumption is that the initial yield on a high income equity fund is 8 per cent., and that this will increase by 4 per cent. per annum. Again, this is conservative.

The tables indicate that a standard-rate taxpayer loses out on both capital and income with the withdrawal scheme, and there is nothing in it for him.

To be fair, however, withdrawal schemes have never been aimed at the standard-rate taxpayer. But while the higher rate taxpayer gains on the final capital payment, roundabouts. And this penalty is never highlighted in the literature. The lesson for investors is to check every scheme put up by intermediaries, and make sure that you are informed of the alternatives.

Winners take all

BY TERRY GARRETT

HAVE YOU EVER thought about investing in a yearling—not a local council bond, but a counter for the 'sport of kings'?

As those with a fancy for the glory of leading in the winner will already be aware, the Newmarket horse sales started this week.

Mr. Michael Watt, a director of Tattersalls, took time out from the auctions to give me his opinion on the likely outcome. In all there are some 550 yearling horses in the catalogue, of which he reckons around 475 will be sold. For a top horse the price could be anything up to £250,000, and at the other end of the scale some will go for as little as £3,000 to £5,000. Mr. Watt reckons prices will average £12,000 to £13,000.

This is all "bargain basement" stuff, as against the prices quoted in the U.S. sales. Last summer the average price paid for a yearling at the sales in Keeneland, Kentucky, was £55,000. But even if that makes our horses look cheap, £12,000 is not a give-away price for an animal that may never get amongst the front runners.

Picking the right horse is to look after a horse for one year. The trainer's fee will be around the £2,500 mark, and on



tor of Lingfield Park, to ask where a potential owner could find a trainer who will buy for him. Most introductions, he told me, were by word of mouth, but there is a book, "Horses in Training," which lists all trainers and the horses in their care.

Geographical location is an important point in making your choice. There is no point in owning a horse if you cannot watch it developing, unless it is bought solely as an investment. In that case, the chance of making a good return on your money is very remote.

Spreading your initial investment across three or four horses, rather than putting everything into one animal, increases the chances of owning a winner. But then the problem for the owner is running an animal that may never get amongst the front runners.

In all, an owner can reckon that it will cost him about £3,500 to look after a horse for one year. The trainer's fee will be around the £2,500 mark, and on

top of that there are incidentals a lease might run along the following lines. The lessee takes

However, there are ways to cut the costs. Joining a syndicate is one, and there are plenty of advertisements for them in the sporting Press. A syndicate can have up to 12 members, so costs can be cut automatically.

Most racecourses will only issue up to four free entrance badges per horse, so the rest of the syndicate members and their families will have to pay to see their horse run. Also it is impossible for the trainer to get to know all the members of a syndicate, so that shareholders tend to become remote from the horse. And that defeats the object of owning one in the first place.

Partnerships are perhaps a better idea. The maximum involvement in a partnership is four people, so that the relationship between owners and trainers remains far more personal. Leasing a horse is rare but it does have distinct advantages for both sides. Obviously the terms vary, but

Matters of choice

ANYONE PUTTING money into International Synergistics investment trusts or unit trusts performs, over the long term, has a problem with which to contend. There are a lot of x per cent. per annum on average, then reckon to provide income in fact asset values will swing and/or capital growth. All of widely either side of the trend them reckon to do it through line—the maximum swing managing shares. All of them denoting the level of volatility. It's where a trust's price stands in relation to its potential, either side of the trend on earth is the investor to determine the short term investor on a purchase or sale.

The easiest way of settling the question is to look back at their records. Once a good performer, always a good performer: that's the argument. Only it doesn't work out like that. Last year's star performer share discounts a number of factors—expected growth rates times changed, the management didn't, and the balance of the portfolio was wrong. Some management groups, to be sure, turn in a consistently respectable performance. M & C is one. Tyndall another. But that isn't much consolation to the investor in a trust under-performing the group's average. So what if it outperforms once he's sold out? What he needs is to be able to determine which trust will do well on his own investment time horizon.

I have recently been looking at two systems which reckon to do just that. One is provided for investors in unit trusts by the American firm Synergistics

ADRIENNE GLEESON

Fight the effects of inflation and taxation.

Legal & General Unit Assurance

is a practical way to fight the effects of inflation and taxation which have made millions of investors worse off in recent years.

What is Legal & General Unit Assurance?

Legal & General Unit Assurance is a specialist company within the £2,400 million Legal & General Group. It is thus backed by all the expertise and experience of the country's second largest life insurance company.

It has new investment plans which are designed so that they can cut your personal tax bill and/or they can produce tax-free or low-taxed investment profits and income.

These plans are linked to five investment funds, managed by Legal & General's own investment specialists. It is the performance of these funds, coupled with tax efficiency that produce direct returns for you.

A two stage attack

Legal & General Unit Assurance has been thought through as a definite two stage attack against the effects of inflation and taxation. To start with we are introducing two immediate plans; one for people with capital to invest and one for the higher rate taxpayer to create capital from income—tax-efficiently.

In the near future, two more investment plans will be launched. One specifically for the self-employed and one for senior directors and executives, both designed to create tax-free cash and substantial incomes, both offering powerful tax savings.

Does it work?

Yes. Have a look at the examples and see if any of them are directly relevant to you. If not, read the last section of this announcement.

Two examples for immediate action

Have you £1,000 or more to invest?

Literally hundreds of thousands of people do and are looking for capital growth or income or a combination of both.

For example, a retired woman has £60,000 invested in stocks and shares and looks to this for her income. At present, she receives £1,500 dividend income, but only £1,500 p.a. after tax.

If she invests her £60,000 in Legal & General Unit Assurance Capital Accumulation Plan, she can take up to £3,000 p.a. for income with no immediate liability for tax and have her money professionally managed by Legal & General's specialists. If they achieve anything over 5% growth in unit values, then her capital also grows in value.

Are you a higher rate taxpayer? If so, here is one example of what Legal & General Unit Assurance Capital Accumulation Plan can do. A man, 50, earning £15,000 p.a. with mortgage payments nearly completed and children leaving home can expect to pay nearly half his salary in tax.

By investing £2,000 p.a. in the Legal & General Unit Assurance Capital Accumulation Plan he immediately reduces his tax bill by £340 p.a. After 10 years, assuming 7.5% growth in unit prices, he could have £28,000 either to take as a tax-free sum or as a source for a regular tax-free income.

What we will be introducing in the near future reaches 65. He can then take approximately £18,000 tax-free plus an income of £6,000 p.a. For that, the total net cost to him has been only between £8,000-£11,000!

Are you a senior executive or director? If so, Legal & General Unit Assurance will soon have a Plan that need not cost you anything, since your company can pay all the contributions and receive full corporation tax relief.

This Plan will give you a tax-free cash sum of up to 1½ times your final salary when you retire plus a high annual income taxed as earned income.

For example, under the Plan, a man, 45, earning £12,000 p.a. today could receive a tax-free lump sum of £18,000 and an income of £6,000 p.a. when he retires at 65. Of course, his earnings may well grow before retirement, in which case those benefits can be increased proportionately.

Are you interested?

These examples outline how you can start to fight the effects of inflation and reduce taxation. Please note three things. First, we have shown examples; they do not attempt to give all the legal and technical details. Second, the first two plans can be taken advantage of immediately. Third, if you have money to invest and are a higher rate taxpayer, Legal & General Unit Assurance could be useful for you.

But, before you invest substantial sums, we would expect you to find out the full details. So please consult your insurance broker or other professional adviser or ask us for details.

It's up to you. But you can do something about the effects of inflation and taxation.

If you would like more information, write to: Graham West, Legal & General Unit Assurance, 52 Pall Mall, London SW1Y 5LE.

Legal & General Unit Assurance

The cost of credit

AUTUMN IS traditionally the season for a high level of spending on consumer durables, as users recover from the summer's expenditure, and people prepare themselves for the rigours of winter. Over the last two years, it's true, the autumn has been much less distinct than usual, with the squeeze on real incomes inhibiting people from going out to spend. This time round, though, with a one-point cut in its flat rate yesterday.

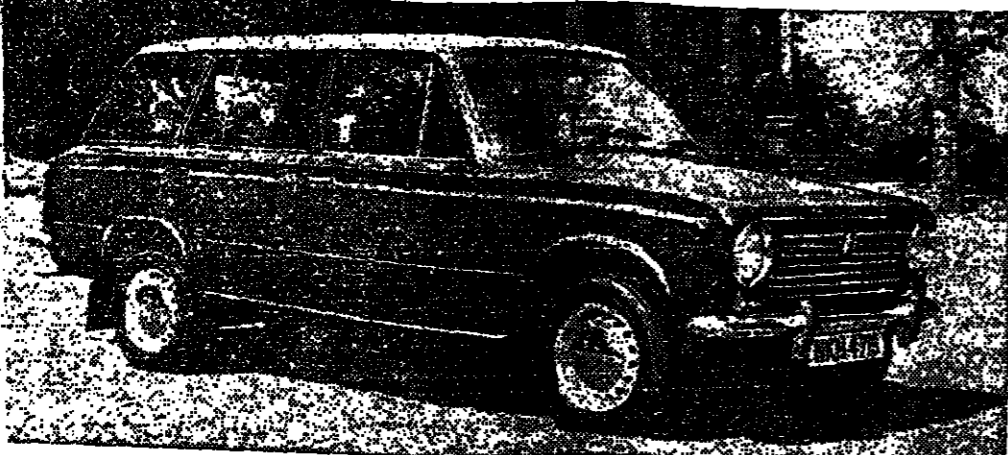
For those who know that they won't be able to pay back their loan within the year, a personal loan is the best of the alternatives available; and here, too, rates have been coming down: with Natwest leading the way, with a one-point cut in its flat rate yesterday.

And, finally, how about the various forms of hire purchase finance? They are, I think, worth it—if you can find your self a deal that incorporates some form of discount. Thus Debenhams, at the moment, is offering six months' interest free credit of purchases of £50 and more, and 12 months' interest free on deals worth more than £100. And the hire purchase companies will very often get together with, say, a motor manufacturer or retailer to offer a deal better than most other forms of credit can match. The best advice on this is shop around.

THE COST OF CREDIT

Overdrafts: all clearing banks	3-5 per cent. over base rate
Personal loans:	
Co-op Bank	15 per cent. per annum (true)
London clearing banks	14-17 per cent. per annum (true)
Yorkshire Bank	17.5 per cent. per annum (true)
Cash and Barclaycards	1.75 per cent. per month on outstanding balance. This works out at a maximum of 23.14 per cent. per annum.
Over credits	This varies. But, e.g. 2 per cent. per month on Debenhams option charge accounts (i.e. maximum of 24.33 per cent. per annum. Approximately 30 per cent. per annum nominal on credit terms—but interest-free offers may reduce the real cost.
Hire purchases	This varies. But e.g. UDT personal loans cost 18 per cent. per annum on £1,000 over two years. Same amount, used for car purchase, would cost 22 per cent. per annum (true).

Motoring



EXT TO A really efficient after, a heated rear window seem to be the most vital use of equipment for a car intended to be driven in a winter.

Ladas have the kind of interior heater that one can almost toast on but electric heaters in the rear window to clear of ice and snow are unknown to the Russian industry until Satra Motors, an import Lada into Britain, nanded them.

The Russians also had a her casual attitude toward rust damping material a car, too, until Satra had a at them. "But, comrade, it help making noise," the attitude Satra had to that. The latest Lada to ch Britain indicate that they made quite a lot of pro-

has to be said that the first sian cars to be imported into ain in the early 1960s were ity awful. The Moskvich was umsy carthorse, of oxidised n, with poor brakes, bad holding and worse steering, a when new, it used to feel to me like an early-war Morris Oxford with the ometer going round for the nd hundred thousand miles, ough the Moskvich sur- s, rebodied and, hopefull, roved mechanically, it is no r, imported in Britain. The at took its place in the 124. This tougher and dly rougher development at's classic small/medium ly car has sold well here ntly. Satra Motors reckon egistrations will probably 13,000 and they are budget- for 17,000 next year.

a main incentive to buy a and this applies to the Eastern Bloc imports such as Skoda and Polski-Fiat- ice. By any standards, the

Siberian sample

BY STUART MARSHALL

Lada is very cheap indeed, costing from £1,755 for the basic 1200 saloon to £2,389 for the 1500 ES (extra specification) estate car. The six car range consists of a 1200 saloon, 1200 estate and 1500 saloon in basic, rubber-mats-on-the-floor trim, plus three models just introduced for 1978. These are a 1300ES saloon, 1500 estate and 1500ES estate. The ES denotes the incorporation of such capitalistic trappings as fitted carpets, reclining front seats, laminated windscreen, inertia reel seat belts and—I nearly forgot—that heated rear window. The 1500ES estate has a rear window wash/wipe kit, too.

The ordinary 1500 estate has basic trim. Satra think it will appeal to people who intend to use it as a workhorse, who want the 1.5 litre engine's extra power but prefer the kind of interior that won't be mucked up by bags of cement or by fellows climbing in and out of it wearing muddy wellingtons.

Even now, the Fiat 124 carries its three lights. Its square rigged styling is somehow above fashion and it does provide a lot of room inside. This is especially noticeable in the estate, which is reasonable enough, because no-one has yet discovered a better shape than a box for putting lots of things into.

Satra invited me to sample the three 1978 cars in Ireland last month which was basically a good idea, because the roads are rough and largely traffic

free—ideal Lada country, really. Alas, the air traffic control assistants disrupted the travel arrangements and the Irish customs unkindly seized the two transporters carrying all the cars. It was almost the ultimate disaster for a motor industry PR man—a new car test with no cars.

But only almost. A 1500ES estate that had been shipped over individually fell into my hands and with two colleagues, I set off from Shannon for deepest Kerry. The Lada fairly flew over the single track roads that meander through this lovely, incredibly remote countryside, the suspension just touching bottom over the biggest bumps but feeling very strong and all of one piece. The 1500 engine, a Russian design with a single overhead camshaft, runs on three star and feels quite unobtrusive. It will show nearly 70 mph in third and Satra claims a top speed of close to 100 mph.

The seats are firmly comfortable, have adequate adjustment and the cloth trim is much nicer than the sticky plastic once offered without the option in Eastern bloc cars. (It must be Satra's benevolent influence again.)

The gearshift is quick and the synchromesh effective. The servo-assisted disc/drum brakes are adequately powerful and the instrumentation well laid out. Detail work is much improved compared with earlier Russian cars. The trim is carefully applied and the switches look as though they belong and have not been tacked on as an afterthought.

But the steering remains a let down, as it does in all the Eastern bloc cars I have tried. Even allowing for the fact that it is not by rack and pinion, it should not be so stiff toward full lock, nor so vague around the middle. The engineer who sorts out this last major snag with the Lada ought to be made a Hero of the Soviet Union.

THE HEADY smell of battle is in the autumn air here to-night at the half-way stage of the 8-man Lancome tournament at St Nom la Breche Golf Club. Britain's preciously talented 20-year-old Nick Faldo was three strokes clear overnight on 67. But to-day, in the unbroken sunshine, windless and beautifully warm the Spanish 20-year-old who is at present the number one golfer in Europe, Sevy Ballesteros, reacted to the glorious conditions with a course record round of 64 after his disappointing first effort as defending champion of 74 to get into second position only two shots behind the British rival whose destruction means so much to him.

So at the halfway stage Faldo has had rounds of 67 and 69 for an 8-under-par total of 136 against the 74 and 64 of Ballesteros for a 6 under par total of 138. The Colgate World match play champion, Australian Graham Marsh is lurking handily with rounds of 70 and 69 under his belt for a five under par total of 139 to be alone in third place, while in fourth comes the leading American, 47-year-old veteran, Gene Littler, who has played with his usual quiet and

Young lions and old hands

BY BEN WRIGHT

calm efficiency for rounds of 71 to-day, as well he might have and 70 for a three under par total of 141. The lone Frenchman, who played alongside Faldo to-day, Jean Giralde, has had two rounds of 71 for a total of 142. But his round to-day was a great disappointment after an outward half of 33, had brought him at one stage within three strokes of the youthful Briton alongside him.

Gary Player (74, 70—144), American George Burns (73, 72—145) and the great 48-year-old American Arnold Palmer (75, 73—147) are making up the number at present although the number can happen on the pleasant parkland course over the last 36 holes.

Palmer played with Ballesteros and this was in itself a piquant situation since both are renowned only for their unfailing aggression although—sad to say—Palmer is now only a shadow of his former self. He is gracious, however, almost to a fault, and he was mightily impressed by the young Spaniard

two. A three wood and nine iron shot seven feet from the 394 yards 4th hole, yielded a fourth birdie, and Ballesteros made nothing of the 476 yards par 5 5th hole with a drive, three wood and chipped to four feet, for his 5th successive birdie. He hit the hole for the next, from 16 feet at the next, and then wedged to ten feet for his birdie at the 504 yards 7th hole. This was torrid stuff in keeping with the weather, and Sevy saved his par at the next with a chip and small putt after pulling his second. The 9th hole, 205 yards long and menaced by water, cost him dear yesterday when his tee shot found the "agua" as he yelled loudly at the time for a five. To-day, in trying to keep away from the water, he pulled his three iron shot wide of the green and for once did not get up and down in two shots, thus being out in 31, five under par with that one blemish on the card.

He immediately wedged into the hole from 50 feet at the 180 yards third hole for a

PARIS, Oct. 14.

quantities to defraud the Post Office. He informed the authorities and an enquiry was set up, but it was too late for anything to be done about the crime. Nissen went on to become the greatest specialist dealer in British stamps, agent for King George V and, with Stanley Gibbons, the only holder of the Royal Warrant in this field.

His business was continued by his son, Harry Nissen, who expanded the business into Commonwealth and foreign rarities. Ill health forced him to retire from active trading in the 1960s but much of the famous Nissen stock had, in fact, lain untouched in safe deposit vaults for the better part of half a century. In what is probably the greatest coup since young Edward Stanley Gibbons purchased a kitbag full of Cape Triangulars for a fiver in the 1860s, SGI recently acquired the Nissen stock for £261,000 cash. It would not be unreasonable to suppose that its real value is greatly in excess of that sum. The Gibbons staff have been sifting through envelopes, albums and stock-books for two months now and hardly a day has passed without some major discovery.

10th, got up and down from sand for his birdie at the 12th, and made a typical Ballesteros birdie, at the 14th. Here, he hooked his drive deep into the trees, had a restricted swing with his wedge but still managed somehow to get the ball to the putting surface whereupon he holed out from 20 feet for his 9th birdie.

Faldo lost his momentum with a poor tee shot, at the 5th, that caused him to come up over the trees short of the green from the right of the fairway to drop a stroke, and he, too, missed the 9th green to the left rather than flirt with the water to the right. Unfortunately Faldo found a downhill lie in the sand, and taking no chances played the hole conservatively for a four.

It had been a marvellous day, not the least because Palmer had been there to watch Ballesteros smash the course record he himself created in 1971. This record of 65 was equaled by Player in 1975 and it is indicative of the changing times that the two young lions are currently at the top of the heap and the previous record holders firmly anchored at present close to the bottom. No further comment on the sad passing of the youth.

Stamps

New meaning of Glorious Twelfth

THE PUBLICATION yesterday of Stanley Gibbons' fifth edition of their Great Britain Specialised Stamp Catalogue, Volume I, covering the reign of Queen Victoria sets the seal on what has been a remarkable year for the company. In March Howard Fraser succeeded John Webb as Deputy Chairman and Managing Director of Stanley Gibbons International—an appropriate move since it was he who did more than anyone else to put "International" into the firm's title.

Born in Germany, of a British father and German mother, he has spent most of his life in that country, apart from war service with the Gordon Highlanders and the Commandos. After the war he returned to the family furniture business but gradually built up his hobby of philately into a very lucrative sideline. His stamp company based in Frankfurt became part of the Stanley Gibbons group in 1973 as Stanley Gibbons Merkur GmbH and this in turn brought him a seat on the Gibbons Board.

His experience of running a large company with international ramifications makes

him ideally suited for his present position with Stanley Gibbons. It is heartening to meet someone who positively enjoys being back in this country after having lived so long on the Continent, but doubtless the performance of SGI this year has much to do with it. The net group profits before tax for the half year to June 30 were up by a staggering 127.9 per cent on the previous half year on an increased turnover of 57 per cent—which explains why Gibbons shares are becoming as eagerly sought after as some of the stamps they deal in.

The day the grouse-shooting season began, Gibbons published the 1978 edition of their "red" catalogue £8.95, covering the stamps of the British Commonwealth, and the Glorious Twelfth took on a new meaning as philatelists gleefully noted that the cheapest used variety of the Penny Black had now been hoisted to £35, compared with £25 in the previous edition, and the Two pence Blue now broke through the three-figure barrier. Those fortunate to own a mint Twopence Blue, however, have fared even better, the cheapest variety now standing

at £2,000, compared with £1,100 in August 1976.

Substantial rises in the classics were to be expected, but the thorough overhaul in prices covers most issues of most countries, benefiting everyone from the erstwhile newcomer to the one-country collector and the advanced specialist. In addition the opportunity was taken to effect improvements in many of the listings, so that this hefty octoganarian (first published in 1896) is as up-to-date and as indispensable as ever.

When the first "red" Gibbons made its debut, 17-year-old Charles Nissen had been in business in High Holborn for three years and was rapidly making his mark as an expert in British stamps. In 1898 Nissen made the discovery which was to bring him considerable fame, both with philatelists and the general public.

He bought a large quantity of old telegraph forms from a waste paper merchant, most of them franked with the shilling stamps used about 1872. He discovered that the majority of them were on unwatermarked paper and were, in fact, for now and hardly a day has passed

quantities to defraud the Post Office. He informed the authorities and an enquiry was set up, but it was too late for anything to be done about the crime. Nissen went on to become the greatest specialist dealer in British stamps, agent for King George V and, with Stanley Gibbons, the only holder of the Royal Warrant in this field.

His business was continued by his son, Harry Nissen, who expanded the business into Commonwealth and foreign rarities. Ill health forced him to retire from active trading in the 1960s but much of the famous Nissen stock had, in fact, lain untouched in safe deposit vaults for the better part of half a century. In what is probably the greatest coup since young Edward Stanley Gibbons purchased a kitbag full of Cape Triangulars for a fiver in the 1860s, SGI recently acquired the Nissen stock for £261,000 cash. It would not be unreasonable to suppose that its real value is greatly in excess of that sum. The Gibbons staff have been sifting through envelopes, albums and stock-books for two months now and hardly a day has passed without some major discovery.

One of the choicest pieces to come to light so far is a horn's worth of Twopence Blues—one of the ten largest multiples of this much sought-after stamp. As singles they would be worth about £2,500 apiece but in value of a multiple tends to rise by geometric rather than arithmetic progression and it would be difficult to hazard a guess as to what such a piece might fetch at auction.

A small portion of the Nissen stock is included in Gibbons' Great Britain sale in London on December 8-9. Millionaire philatelists will have to contain themselves a little longer, but for openers there is a fine unused pair of the Twopence Blue from Plate 1, while an envelope bearing two singles from Plate 2, cancelled with red Maltese Crosses, is estimated at £500. Highlight of the sale is a series of the Treasury Competition essays of 1839, which reminds me that an innovation in the latest edition of the Specialised Catalogue (ES) is an extensive historical introduction providing background information on the birth of the world's first adhesive postage stamps.

JAMES MACKAY

Chess

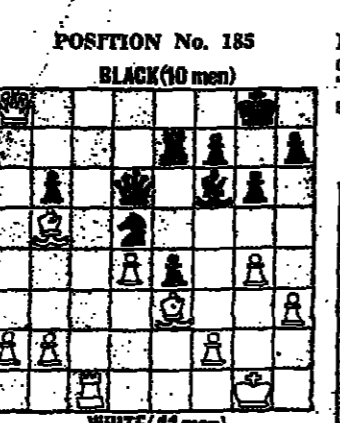
ESS for British players at this month is a pointer to limited funds for internal chess can best be yed. Talbut (aged 19), who and Mestel (20) and Speed (20), who are second ahead of seven internal masters, were helped to by the Slater Foundation y part of the small allocation of British Chess Federation y available for individual aments. They were the youngest in the 32-man event.

value of Berne is that it restricted entry international on the Swiss system (in players with similar scores aired) but giving a chance the leading finishers to y for World Chess Federa- (FIDE) title against Mestel Speelman, with 12 norms enely from the Lord John and the Lloyds Bank invita- are clearly good enough to y for titles while Talbut's second place in the yground British Chess champion suggests that he too is a r in the making.

as the players were right to tournament, and proved h their encouraging result. had one unexpected ad- dity in that all the 16s did and were behind the lead- group, while FIDE regula- require an IM score to be ved against four recognised So Mestel, who played the chess and might well have first prize under normal nstances, had to avoid is too many points lost it out of pairing range of asters in the later rounds. Fortunately, the Lloyds invitation and Berne are ally the only two "lower al Swiss" tournaments in rn Europe of their kind ent. The real model to it is the superb Lone Pine in California where the ination of an \$8,000 first-

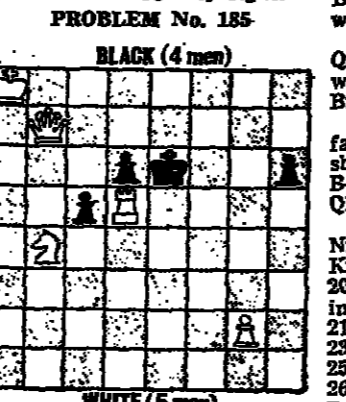
prize, the participation of grand- masters including the top Rus- sians, and an entry of around 50 players, has done wonders for the generation of American juniors who are currently stronger than their Russian and British counterparts.

My own belief is that such semi-internationals are the tournaments of the future; I



The USSR computer programme Kaisa lost its world title at Toronto to the American Chess 4-6, which went on to perform creditably against human experts in the Aaronson congress at Harrow. This is the decisive position where Kaisa, playing

Black and in check, virtually conceded defeat by 1...R-K1. "A horrible blunder!" said the spectators. Were they right?



White mates in three moves, against any defence (by F. Giegold). Solutions page 2

Bridge

SOME PLAYERS are uncertain whether to lead the highest or the lowest card, when holding two or three cards to an honour in their partner's suit. Neither play is per se correct. The leader must be guided by the bidding, and decide whether the guards, if any, are likely to be in dummy or in the declarer's hand.

Let us consider this problem by studying two deals, both suit contracts, which occurred during sessions of rubber Bridge. Here is the first:

N.		E.	
♠K102	♠53	♠AK10874	♠QJ10
♥QK92	♥AK83	♥QJ10	♥96
♦QK83	♦QJ10	♦QJ10	♦96
♣QJ10	♣96	♣QJ10	♣96

Though it is usually right, when holding five spades and five clubs, South thought his hand strong enough to open with one spade. North replied with one no trump, which was certainly conservative, and East

came in with two hearts. South now bid three clubs and North, maximum for his first response, jumped to four spades.

If West stolidly leads the three of hearts, the defence can pack their bags, because East has to win the first trick and cannot continue the suit to force the declarer. West, however, was a thinking player and felt that on the bidding North was more likely to have length in hearts, so he led the Queen, retaining the lead when dummy played low.

Forced to ruff the next heart lead, declarer crossed to the diamond Ace and led a trump, a good suit and suggesting a finessing the Queen. If West takes this trick and leads another heart, South can accept the force, cash the spade Ace, and develop clubs. He will make his contract, because when West takes the lead with the club Queen, he cannot reach his partner's hand.

But West shrewdly ducked, to persuade declarer to use the second diamond entry for an other trump finesse. The trap worked, West took the Knave of spades, and now returned his last heart to force the declarer. The Ace and King of clubs were played in the hope of dropping the Queen, but when West got in, he led a diamond for another force which was fatal.

The next example is perhaps even more striking:

N.		E.	
♠J73	♠64	♠AQJ983	♠AQ94
♥Q10	♥KJ63	♥KJ63	♥6
♦KJ387	♦KJ387	♦KJ387	♦KJ387

With North-South game, South dealt and opened the bidding with one spade, North said two clubs, and East made a jump bid of three hearts, announcing a good suit and suggesting a possible sacrifice. South rebid three spades, and West at this stage passed, which was good the force, cash the spade Ace, and develop clubs. He will make his contract, because when West takes the lead with the club Queen, he cannot reach his partner's hand.

If West goes by the book, and leads the four of hearts, the rubber is gone. But this West, too, was an imaginative player, and he retained the lead, he might be able to make a killing switch. When his King held the trick, he did not need his partner's suit preference signal of the Knave to induce him to switch to a diamond and defeat the contract immediately.

E.P.C. COTTER

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Truly rural

BY SYLVIE NICKELS

OUR TECHNOLOGY may have become very sophisticated, but really human nature has not changed. People have, for example, been scribbling on walls ever since there were walls to scribble on, sometimes as a form of artistic expression or faith, sometimes with the gross presumption that anyone might conceivably be interested that they had passed that way. So, the doodlers of the 18th and 19th century desecrated some lovely examples of prehistoric art in the caves of Font de Gaume, near Les Eyzies in the Dordogne.

Fortunately, they were lazy as well as profane and did not penetrate very far into these narrow twisting passages, and thus have survived the bison, horses, deer, reindeer which, since the closing of the Lascaux caves, must be amongst the finest prehistoric polychrome paintings available to the public.

The Dordogne can claim five very special attractions: caves, castles, exquisite little towns and villages; super river scenery; and a host of those family-run hotels that France is so good at.

The caves mostly fall into two categories: those with prehistoric paintings and those with spectacular stalagmites and stalactites. A good source for establishing their relative merits is Michelin's Green Guide to the Dordogne, though I do wish they would improve its binding: two successive copies of mine have disintegrated in a very short time.

Once in Les Eyzies, there are the National Museum of Prehistory and the Museum of Speleology to help you sort out your Lower from your Upper Palaeolithics and to distinguish



Market day at Terrasson

between the various art periods. Within a few miles of Les Eyzies alone there is a score of caves or rock shelters, so you need to be selective.

The castles, which were built as fortresses and later evolved into comfortable little stately homes, are nearly all notable for their sites, at the curve of a river or perched on a cliff-top eyrie. When it comes to towns and villages, there are literally dozens of them notable for the beauty of their setting or the loveliness of their architectural harmony, or very often both. Rocamadour is probably the most famous, its miraculous cures including no less a personage than Henry Plantagenet, and its splendours built out of ecclesiastical riches that reached their peak in the 13th century. It is also rather commercialised. From about 500 miles of touring in the area, the following are a few of the places that particularly appealed to me.

Sarlat, which like Les Eyzies would be an excellent centre from which to tour, lies a few miles north of the Dordogne river, and the old heart of the town has been most happily preserved. Domme, very reminiscent of a Cotswold village, perches on a hill above

Year week-end £: Austria 28.00, Belgium 61.75, France 8.47, Italy 1.52, Greece 62.00, Spain 1.06, Switzerland 4.00, U.S. 1.7625. Source: Thomas Cook.

the Dordogne and has a grotto right in the middle of it. Argenteuil, astraddle the upper reaches of the river, is distinguished by pepper-pot towers, slate roofs and wooden balconies, all of considerable age. In La Roque-Gageac and neighbouring Beynac, the houses seem to creep out of the sheer rock cliffs, a feature of many a village on the Dordogne and other gorge-endowed rivers in the area. Carennac is one of the doziest places on the Dordogne, its church flaunting a truly remarkable Romanesque doorway. Monpazier, between the Lot and the Dordogne, is one of the best of many bastides (fortified towns) of the kind that both the French and English built in the 13th and 14th centuries in those restless times when each side tried to consolidate its territorial claims, prior to the Hundred Years War. Indeed, our own history is deeply woven into the Dordogne landscapes.

Scenically, it says much for the area that, even seen in the worst May weather in living memory, it was still superb. Each one of the rivers, whether it is the Dordogne, the Vézère, the Cère or, a little further south, the Lot, the Célé, the Tarn, the Aveyron, offers yet another memorable day's pot-

tering—preferably more if you are to do it justice. In this respect, you could hardly do better than follow the advice of Michelin's Green Guide with their excellent star-system for each section of each river.

In an age of mass developments and high rise buildings, it is a blessed relief to be in an area where the smaller family-run establishment still predominates. Like all regions of France, the Dordogne likes its food and prides itself on its specialities, here including such delicacies as truffles, foie gras, a wide variety of potted meats, and walnut desserts. A tourist menu last summer averaged 13-22 Frs. or, with more gastronomic pretensions, 30-40 Frs. Wines from the Cahors region are fruity and full-bodied though, at from 9 Fr. a bottle, by no means the cheapest to be had.

This is an area where your own transport, whether hired or brought with you, is really essential. Horse-drawn caravans are among the more leisurely local offers; fitted out for four people, they cost 1600 Frs. per week last July and August, 1350 Frs. at other times, and are also available for shorter periods.

Tour operators in the U.K. featuring the Dordogne include: Contours (air/rail to Les Eyzies), 72 Newman Street, London W1P 4BU; Erna Low (private farmhouse accommodation with riding and hunting available), 21 Old Brompton Road, London SW7 3HZ; Cox and Kings (cottages and castles, including possibilities of punting down the upper Dordogne), 46 Marshall Street, London W1V 2PA; French Leave programme, backed by British Airways (fly and self-drive, with unlimited mileage, based on several centres): Meon Travel (self-catering villas), 32 High Street, Petersfield, Hants.; Canva Holidays (superior camp sites with ready-erected family-size tents), Bull Plain, Hertford, Herts.

Further information: French Government Tourist Office, 178 Piccadilly, London W1V 0AL.



City slickers...

BY ARTHUR SANDLES

WHATEVER MAY be happening in the world of women's fashion at the moment, mere males can comfort themselves that the clothing trade is in something of the doldrums as far as businesswear is concerned. After those hectic years in which trouser bottoms, lapels and ties were expanding and contracting at a confusing pace it is some comfort to those of us who like to see a city suit last a year or two that last year's model is going to survive the current winter without too much trouble.

Fashion's current accent is on leisure wear, which is probably

a revolt against all that denim. Blue jeans are in full retreat, with cotton drill making a solid bid for a come-back and well-pressed, well cut elegance finding its way back into the back garden and club-house. Dig out the hacking jacket, brush down that chunky sweater and who knows, you may actually find yourself back in style.

Contrarywise, if there is any movement in the more formal office clothing at the moment it is a minor revolt against the classic styling of the past three years. During these years firm shoulders, nipped waists, and mildly flared trousers have been the hallmarks of the man who thinks about his dress. Although the extremes have been softened lately, notably in trouser bottom widths, the theme remains the same in shoulders, gone is the narrow waistline, and gone are the rear

offerings around this year. Illustrated above right is a typical example, a budget priced suit in polyester/wool mix from Anderson of London which will sell for around £55.

Harrods is among the many British stockists of the French manufacturer Jupiter and it too has some nice basic Costume de Ville (Harrods' Way Inn, £86.50). On the same racks there are some soft-textured all wool light grey suits for £110 and made in West Germany. A sign of what might be to come can be seen above (left) which is the sort of suit being offered in some of the more recent collections. This particular one was spotted in Florence. Gone are the firm shoulders, gone is the narrow waistline, and gone are the rear

vents. Immensely comfortable to wear and with plenty of room inside for expansion after a business lunch, it is, however, but not quite what we have learned to love for the past year or two.

I am assured that suits are still maintaining the come-back they made as the hectic stories left us. Formal suit sales apparently move up in direct proportion to unemployment—everyone likes to look good at a job interview. That being the case the slight hints we are having that office suit fashion may be on the change to more relaxed styles, next year if not this, could be another favourable economic indicator.

Well, you have to cling to optimism somewhere, don't you.

Stockists of Anderson of Birmingham: the Rance chain of London suits are Bentalls (Spot-men's shops in Hull, York, M. 79, New Bond Street, London W.1, and 115, Queensway, Thames; also Bold of Queens, Birmingham; also Bold of Queens, London, W.2; Brink, Leeds; My Father's Mountaineer, Swansea; Guildford, Kingston, Wembley; Jupiter menswear, and co.-and Aristocrat, Chingford, Essex and Harrow; Leon Allan of fumes de ville is part of a wide among others.

...Country style

The country-look in fashion, including the current vogue for hacking jackets for women, is proving something of a bonus for Reid & Taylor, the Scottish wool textile producer, which boasts the manufacture of the world's most expensive twist suit cloths.

But although the company's cloths, which leave the mill at upwards of £10 per metre to fetch at least double that at the woollen and worsted merchants, have a potentially large new market in women's wear, there are no plans to raise production at present.

Apart from its superb tailoring quality, Reid & Taylor's cloth derives its cachet as much as anything from its exclusivity. Production is around 100 pieces, each of 60 metres length, per week—the same as 15 years ago—but demand, 90 per cent. of which now comes from overseas, always runs far ahead of this.

The result is that Reid & Taylor, part of the Huddersfield-based Allied Textiles group, barely needs to promote its product, but just in case John Packer, the flamboyant managing director, has established tradition of putting on one spectacular event about once a year to which his leading buyers from all over the world are invited.

This year's event—reliably estimated to have cost more than £100,000 and staged in the presence of Princess Margaret—took place in the Palazzo Pesaro in Venice, where 400 people were treated to a banquet followed by a fashion presentation illustrating the way leading designers and manufacturers from all over Europe see the company's cloths.

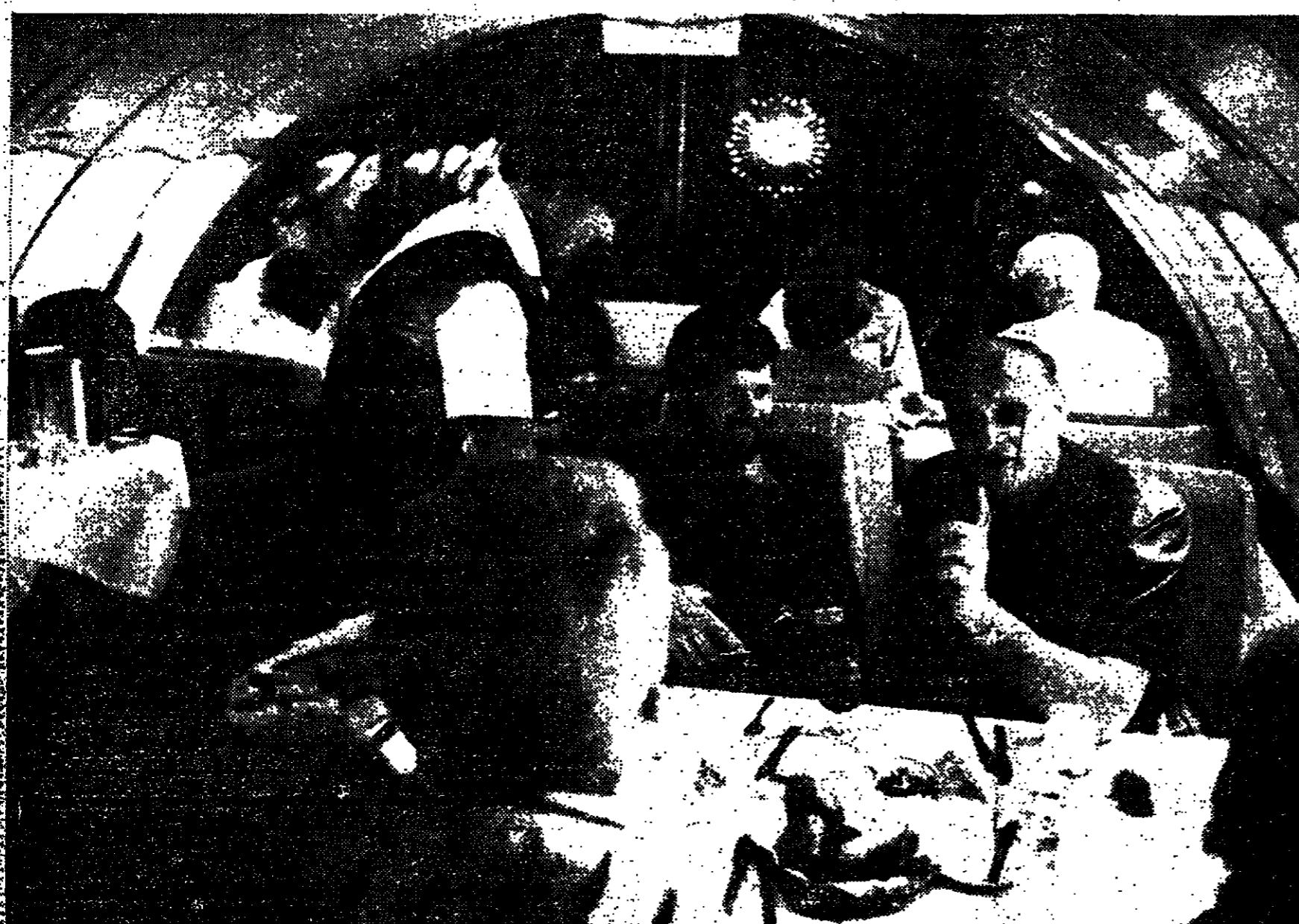
The designers this year were Milla Schon, Lanvin, Georges Rech, Ben Frankel, Tom Gilbey, Kilgour French, Tommy Nutter, Bruce Oldfield, Henry Poole, Ian Thomas and Bernard Weatherill, and the manufacturers Belvest, Komen, Windsor, Duke-Simpson, Baumbler and Muermann, and themes encompassed traditional and more modern casual interpretations of the materials.

Duke-Simpson chose a conventional, single-breasted, button 2 jacket in camel-wool white-

RHYS DAVID



checked tweed, with side vents (see above). Additional interest comes from suede elbow-patches and trimmed buttonholes and pocket corners. Trousers have plain fronts and raised seams and—unlike some of the offerings at the show from Savile Row—are without turn-ups.



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How to spend it

by Lucia van der Post

Relax, baby

I'M a great fan of the Baby Buggy designs. Readers may remember that Owen MacLaren, now 71, started a new firm and a new career at 60, when already retired from a life-time's work in the aeronautical industry. Mr. MacLaren's daughter married a director of Pan Am, the American airline, and travelled all over the world with him and their children. Mr. MacLaren saw himself just how difficult it was for mothers to cope with the existing push-chairs and so developed the famous Baby Buggy, which not only folded into a size not much bigger than an umbrella but, weighing only 6 lbs, was allowed into airline cabins.

This design so revolutionised transporting children about that today for every two babies born in Britain, one Baby Buggy is sold. Besides that it is exported all over the world.

Last year Andrews MacLaren introduced the Pram Buggy, which is a carrycot and folding transporter, which weighed 14 lbs in all and did for the pram what its predecessor had done for the pushchair.

This year MacLaren has produced yet another version—the Lie-Back buggy. Anybody who

has ever seen mothers trailing round shops and streets with visibly wilting babies, falling asleep with their heads lolling from side to side will see at once the advantage of the new Lie-Back Buggy.

The frame is very like the frame to the basic Baby Buggy but it has been adapted so that the baby can be kept in an upright position or allowed to lie back and sleep or relax. All the usual safety devices are there—child-proof catches, double locking devices and the like. In addition there is a hood with a see-through panel and an apron to protect the child from the weather.

It is also equally portable and very nearly as light as the Baby Buggy—it weighs 7½ lbs. Owen MacLaren has developed new tyres made from foam which give as smooth a ride as pneumatic tyres but need no attention.

The Lie-Back Buggy will be in most baby departments and shops at the end of October and will sell for about £26.50 (though shop around as prices of the Baby Buggy, for instance, vary by up to about £3.00). The hood and apron are an optional extra at about £1.50.



Jan Wheeler

Poppy's pretties

SALLY POPPY is a young designer, new to me, whose beautiful range of exquisitely-made nightwear is a delight both to look at and to feel. She uses only the finest of materials, mainly Swiss embroideries but also satin.

As you can see from the drawing, above, she has developed a style of her own, quite distinct from what is currently being done by other designers. She herself describes her style as "the trousseau image rather than the vamp" and there is something rather ladylike and purloining about the collection.

Sally Poppy went into nightwear virtually on the spur of the moment. She had been in the dress business and one day when she was calling on one of London's most elegant shops they asked her if she knew of any good nightwear manufacturers. She couldn't think of anybody but said "Hold on for a couple of weeks and I will get some things together." She did

and has gone from strength to strength ever since.

Her prices are not low. The set featured here is £74 for a nightdress and negligee. It comes in white or ecru, sizes 8 to 16, and is made of 100 per cent. Swiss cotton voile.

Bentalls of Kingston-upon-Thames discovered her some time ago and are promoting her in the lingerie department. All the designs, being rather expensive, are available only to order (orders will be fulfilled within a few days) but Bentalls will have photographs of about eight different styles from which to order. They can also deal with postal enquiries.

Other things in the Sally Poppy range include jump suits, pyjamas, night-shirts, quilted bed-jackets, dressing-gowns, satins, capes and also slippers. You can also see some of her designs at Bradleys of Knightsbridge, Fenwicks of Bond Street, London, W.1. and Honoré of South Audley Street, London, W.1.

Kitchens galore

PLANNING a new kitchen from scratch is quite amazingly difficult. Twice in my life I've been lucky enough to be able to do just that—once in a house we were already living in and we decided to convert the basement into a huge kitchen-cum-dining-room and secondly, when we moved to a larger house about three years ago now.

I used to lie awake at night wondering whether it should be all rustic with a dog-bed in the corner and a rocking-chair to sit in while waiting for the dough to rise. Or should it be the ultimate in urban sophistication, all sleek and gleaming and very, very efficient. The one thing, above all, that I didn't want, was a neat little shiny box that looked as if it had just come out of a store window. As that is what most of the kitchen manufacturers are selling that is what most people end up having.

Character, individuality, the totally one-off idiosyncratic look is what's hardest to achieve. To pursue it needs resource, energy, know-how and cunning. If that is what you think you want then the very book for you has just been published. It's from the Mitchell Beazley/Terence Conran stable, who with their The House Book, showed us all just what a powerful potion their mixture of ravishing pictures and sensible, practical text could be.

The Kitchen Book does for kitchens what The House Book did for houses. It fires the imagination with page after page of enchanting interiors. It deals, both visually and factually, with every aspect of the kitchen—whether it be planning from scratch, the best surfaces to put on the floor, how to store food and equipment, how to save space, how to store wine and so on.



Cool, airy and counterfitted—the Conrans' own kitchen—just one of the many photographs from The Kitchen Book.

Though I'm sure the very resourceful could plan their own kitchen with the aid of this book, this isn't to my mind its main contribution. Personally, I think nothing replaces a good architect but even the best of architects needs to have something to work on. He needs to know the

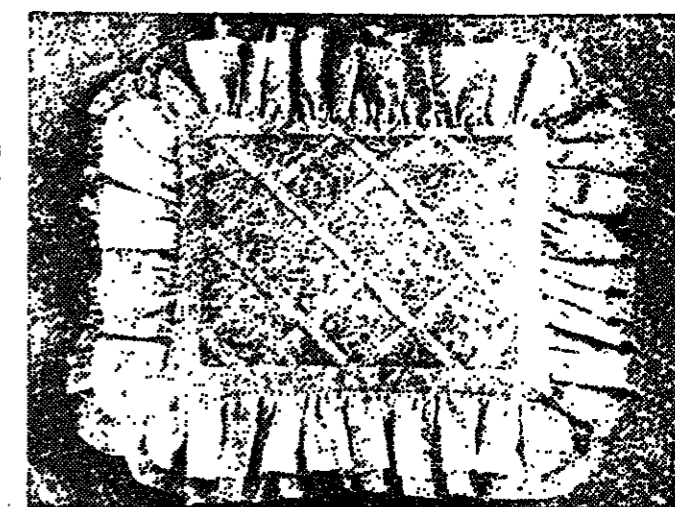
sort of kitchen that would suit expensive (it is £12.95, if you add that on to the total cost of the book is, of course, negligible, and I can think of no better kitchen for the romantic, self way of sorting out for your kitchen those short of space, likely to give you pleasure and for the out and out extrovert. Though the book may seem life.

Luxuries



THE difficulty with so many home-made Christmas presents is that usually the shop-bought ones look so much more professionally made. I know it's the thought that counts and all that, but somehow matchbox covers that fall apart after a few weeks, needle-cases that don't hold enough needles and all the other things I was taught to make as a child can't have given their receivers much pleasure. So the answer is surely to combine the charm of the thought behind the specially hand-made present with an object sufficiently useful and attractive to withstand any comparison with its shop-bought counterpart.

The company who produce Lux beauty soap has specially commissioned four designs, all of which can be made at home by any competent sewer, which combine usefulness and attractiveness in varying degrees. To my mind much the two most successful ideas are the two photographed here—the duffel-like which appears less to me but I'm bag is a cosmetic or toilet bag sure many other people would



and there can hardly be a woman who wouldn't like to have one. The bath pillow, too, is extremely pretty, much too pretty, in my view, to be used as a bath pillow—I'd use it in bedroom or drawing-room. The other two ideas are a bathcap and a tissue-box cover, which appear less to me but I'm sure many other people would love them. The instructions will be sent free by Lux—all you need to do is send a stamped self-addressed envelope to: Lux Beauty Soap, 114, New Bond Street, London W1Y 9AB. After Lux Beauty Soap write in brackets the name of the design you'd like—cosmetic bag, bath pillow, etc.

Shine on, silver spoon

MOST people have some silver that they were either given as wedding-presents or have inherited which is perhaps too good for every-day use or just surplus to their every-day requirements and so only emerges at parties. Keeping this sort of silver in good condition is extremely important and for those who don't already have

rows of good baize cloths Hagerty have produced a range of variously shaped and sized cloth bags in which to store silver.

The bags are made from very soft cloth which not only prevents the pieces from rubbing against each other (never let your silver just bounce about in cutlery trays where the scratches can cause considerable damage) but also is impregnated with a tarnish preventer which rejoices in the name of ZN-38. These bags come in a variety of sizes designed to fit most silverware, coffee pots, trays, goblets, cutlery, plates, ladies and so on. The cutlery rolls have the tapes and take a dozen pieces. Besides preventing the silver from becoming tarnished the bags also keep out dust, grease and grit.

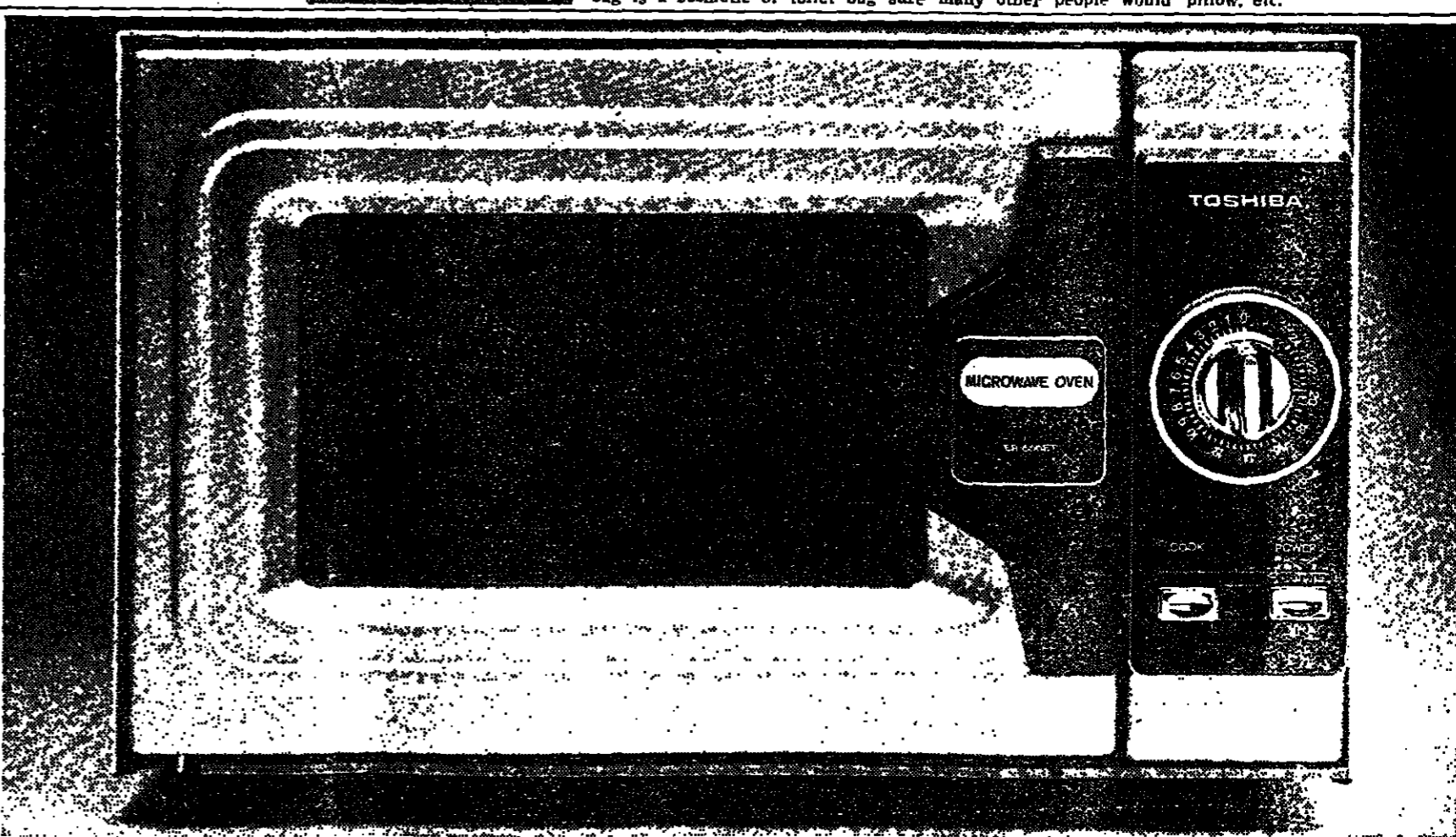
When you wrap the silver up try to make the bags as air-tight as possible—the less air that gets at the piece, the less the tarnishing. Properly wrapped up, silver should need only a slight rub-up after, say, six months.

The bags all come under the Silver Guard label and prices range from £1.30 to £7.50. They are available from fine jewellers, and the silver and jewellery departments of stores like Selfridges, D. H. Evans, and the Collingwood shops. If you can't find a stockist near you ring Hagerty on 01-482 9871 or write to them at Hagerty U.K., Prestcott House, Humber Road, London, N.W.2.

Another idea from Hagerty for helping to care for your silver is that between now and Christmas if you buy a large Hagerty Silver Polish they will give you a brush for silver (which normally sells for about £1.50). The brush is of fine horsehair and is used for cleaning the difficult crevices and corners in more ornate pieces. The brush is much gentler than all but the most pristine of cloths.

A snip

IF you would like to make up the Lux products shown elsewhere on the page or are redecorating at home you should rush along today to the last day of Designers' Guild current sale. Slightly imperfect tiny prints, very pretty, very fashionable, are selling at between £1.00 and £2.50 a metre, matching wallpaper are going at £1.00 a roll. Their address is 277, King's Road, London, S.W.2.



The Unfreezer

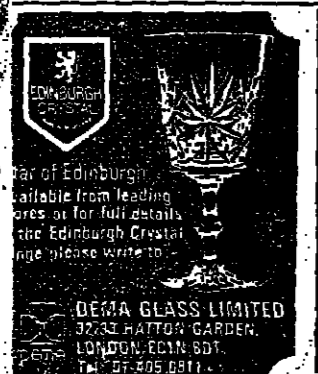
If you've got food in the freezer, you can have it hot on the table in minutes. Any time. Day or night.

Last minute guests; a husband working late; kids who bring home friends without warning; if you've got food in the freezer, the Toshiba Unfreezer gets it ready to eat within minutes. You keep your cool. And the family get hot food, however late the hour.

Cooking from scratch, defrosting, reheating—this remarkable oven cuts to a minimum the time you spend preparing meals. Yet unlike a car, its high speed means low fuel consumption. The Unfreezer runs on less than two pennyworth of electricity per hour. So simple...! Just place the food on its serving dish in the oven. Dial the time shown on our easy-to-follow cooking chart—and press the button. In minutes, food's ready to eat without mess, smell, fuss.



Super flavour...! Speed enhances the quality of your cooking as well as its economy. The Unfreezer brings out the flavour, goodness, colour. Ham and fish actually taste better. Green veg stays deliciously green! Save it with the Unfreezer—costs less than 2p per hour! Toshiba Unfreezer uses less power than a single-bar electric fire. And it uses it only in short bursts: no warm-up time required. Cuts your bills, speeds up your cooking and still costs only £199 incl. VAT. Credit available. Parts guaranteed 24 months, labour 12 months. Toshiba stockists and service agents throughout the UK. Send for list today.



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TOSHIBA
In Touch with Tomorrow

Nancy Dunne examines the diminishing impact of the feminist movement in the U.S.

Equal rights fails to move the majority

papers, the Illinois farmwives who pay inheritance tax when their husbands do not, the State laws which forbid some women in some jobs to work overtime, the military ruling that girls must have high school diplomas while boys do not—all fail to move large numbers of women.

The ERA has the support of more than 150 national organizations which are planning strategies for supporting pro-amendment candidates in next year's election to State Legislatures. But unless they can do more to prove the need for the ERA, March 1979 may pass without the women's rights victory which seemed so certain five years ago.

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MINI

Have Europe's car-makers let their imaginations run away with them?

The Observer Colour Magazine finds there are differences beneath the "identical" shells of the Superminis. With Motorfair in the air, The Observer Colour Magazine will be devoting much of its space this Sunday and next to motoring topics. We set off by weighing up the differences between the 6 Superminis, the most competitive sector of the European car market. We give our

verdict on the new Sunbeam, the car that can make or break Chrysler in Britain. And we chart the minefield of the second-hand car market.

Then for the more luxury minded, The Observer test drives three 2.3 litre newcomers from Ford, Mercedes and British Leyland. We round the final bend with the custom-car craze that is terrorising elderly inhabitants of London SW3 - "The Chelsea Cruise."



THE OBSERVER
looks ahead of the times

HOME NEWS

Callaghan reinforces pay message

BY PHILIP RAWSTORNE

THE GOVERNMENT last night vigorously reinforced its appeal to trade unions and employers to observe the 10 per cent. pay guidelines.

Mr. James Callaghan, the Prime Minister, warned in a broadcast that excessive pay rises would fuel inflation and destroy the prospects of economic expansion.

In Birmingham, Mr. Denis Healey said that if industrialists in Britain rose faster than elsewhere, "that will just mean more bankruptcies and fewer jobs."

Mr. Shirley Williams and Mr. William Rodgers were among the Ministers who joined in endorsing the message that despite yesterday's further improvement in the balance of trade and the rate of inflation, the Government is not out of the woods.

The Prime Minister said that the moral of yesterday's further improvement of financial recovery was that "we must keep right with our policies—all of them."

The Government could now begin to stimulate a measure of industrial growth, and to provide new jobs, he said. But continued financial stability, was essential.

If the increase in national savings is kept to 10 per cent, we will maintain our

Miner's money

Questioned in a BBC radio interview, about the miners' demands for a 40 per cent increase, Mr. Callaghan said that if such demands were pursued the situation would be "totally out of control."

He asserted: "It is the future of Britain that is at stake, not the future of this Government."

The Chancellor said in Birmingham that there were still three obstacles to recovery, the only one the British people could remove. "It is no good asking the Government to bring unemployment down if excessive wage increases are pushing unemployment up," he said.

In the past when wage costs in Britain had risen faster than in other countries, the consequence was that prices had to rise and the value of the pound had to be saved jobs at the cost of higher inflation.

"But with North Sea oil offering us the chance of a surplus on our balance of payments for years to come, that may not happen in future. If costs in Britain rise faster than elsewhere that will just mean more bankruptcies and fewer jobs."

Investment was still rising far too slowly, Mr. Healey said. There was no excuse for British companies to show less confidence in Britain than U.S. or West German industrialists. "It is no good complaining of lower productivity if British workers do not have the tools for the job."

Senseless industrial disputes were also hindering too many markets over to our competitors. "It is no good complaining about foreign competition against that sort of background," he said.

Mr. Rodgers speaking at Pwllheli said: "Our very success makes it more necessary to ensure that the prospects of growth are not lost. Higher living standards are not thrown away in a mad dash for higher money incomes. It would be an act of supreme folly and selfishness if we were now to reverse the trend."

Mrs. Shirley Williams said in Ormskirk that Denis Healey is the world's bionic Chancellor, but she added: "To underpin our recovery we need two things: moderate pay increases and more jobs. They go together."

Labour MP to run for EEC

BY PHILIP RAWSTORNE

SIR GEOFFREY DE FREITAS, Labour MP for Kettering and former chairman of the European Movement, is to resign his Commons seat at the next general election to run as a candidate in the first direct elections to the European Parliament.

He is the first British politician to announce publicly his intention to leave Westminster for Strasbourg.

Sir Geoffrey, who has represented Kettering since 1964, told his local party last night that he would not be a candidate at the next election. "Membership of a directly-elected European Parliament will be a full-time job," he said.

Sir Geoffrey made it clear that his decision was not due to any discontent with the Labour Party, which he said was "in good shape."

A former chairman of the Labour Group for Europe, Sir Geoffrey has played a leading role in various European institutions.

He is a vice-president of the present European Assembly, a founder and president of the North Atlantic Assembly, and a former president of the Council of Europe.

He entered the Commons in 1945 as MP for Nottingham Central and from 1946 to 1951 was secretary of the Parliamentary Party for Air and Under Secretary at the Home Office.

Although Transport House, unlike Conservative Central Office, has not yet begun to draw up a list of candidates for the European Parliament, it is expected to begin shortly.

The party conference tacitly accepted last week that it would have to participate in direct elections, but is demanding that the elections should be held at the same time as the Westminster elections and that the party should fight on a platform of radical reform of the EEC.

Mr. Freddie Laker, chairman of the company, said he aimed to start by December, although he accepted that because of the legal situation operations may have to begin later.

He asked the CAA to approve off-season fares of £240 return and peak fares of £355, with a 45-day booking period. BA has applied for a range between £395 and £500, with a 90-day booking period.

Mr. Enoch Powell told the Conservative Society yesterday. "It is unacceptable in logic and justice to transfer the protection of the citizen against his rights and liberties from the State to the uncertain and uncontrollable effect of private bodies acting voluntarily."

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Mrs. Thatcher promises prudent Tory policies

BY JOHN HUNT AND IVOR OWEN

TO THE rapturous applause of delegates Mrs. Margaret Thatcher wound up the Conservative Party conference in Blackpool yesterday with a warning that the coming general election would be the turning point of our time. And she promised that the next Tory administration would be a "moderate government" dedicated to "sensible, prudent policies."

The Tory leader was given a tumultuous six-minute standing ovation—the best reception she has received from delegates since she addressed her first annual conference as leader of the party two years ago.

In a long passage, she went to great lengths to rebut Labour allegations that she would take an extreme right-wing line in government and that she would soon be on a collision course with the unions.

"I am extremely careful never to be extreme," she declared. "With approval she quoted an old Chinese saying: 'Govern a great nation as you would cook a small fish.'"

She stressed that there was indeed a real difference between the two major parties, and described Labour as the extremists, dominated by the Left wing, who would move Britain towards an Eastern European-type state if the present Government were re-elected.

On relations between a future Conservative Government and the unions, she said that conflict between them could arise only if the union leaders were determined on it.

But if the unions did "hold the nation to ransom," for example in a challenge to a vital nationalised industry—then in these circumstances she would be prepared to go to the country in a referendum of the type she had referred to in her interview with Mr. Brian Walden on television.

During her speech her sallies against the Labour Government in general and Mr. Denis Healey in particular drew delighted laughter and applause from the rank and file. Mrs. Thatcher said she relished the prospect of a general election, but she thought Mr. Callaghan would not go to the country until he had to.

In an onslaught on the Lib-Lab pact she said: "Better to lose your seat than lose your self-respect." The Liberals had kept in power a government that had all but bankrupted Britain.

Turning to Mr. Healey she argued that Britain's financial position had improved in recent months only because he had reversed his policies 180 degrees on the orders of the IMF.

Despite North Sea oil, the truth was that the economy was still grinding along in bottom gear. Productivity was down, profits and investment abysmally low, while unemployment was the worst since the war.

If Labour was still in power next year, prices would have doubled, their term of office would be an economic and personal disaster.

Of the Labour Party conference at Brighton last week she cautioned: "Beware the leopard make it true," Mrs. Thatcher changed its spots.

She predicted that in the run up to the election the Government would try to give the impression that it was a gentle, social democratic pussy cat. But if Labour did win the next election its extremists would drive towards a Britain modelled on Eastern Europe.

It was still Labour policy to nationalise the banks and insurance companies, nationalise all land, take over almost any firm, and cut tax rebates to home buyers.

Labour government would mean higher income tax and an immediate wealth tax. From one election to the next the Tories grew graver stronger and stronger, she said.

She went on: "So let none say that there is no true difference between the parties, no real choice before the nation."

The job of ditching the extremists was in the hands of the people at the next general election. If just five or six voters in every hundred switched from Labour to Conservative it would slash the size of the Tory

group by one third and 25 Tories would lose their seats. If that happened then Britain would have a Conservative government, "a truly moderate government, moderate not by order of our foreign creditors but by genuine conviction, carrying out the sort of sensible, prudent policies that work so well in other countries."

The Tories would cut controls and regulations and keep interest rates in people's lives to a minimum. This form of genuine conservatism was the best answer.

The next general election would be crucial because it would settle which party would be entrusted with the immense benefits of North Sea oil. Labour would use the oil profits to take more power for the State whereas Conservatives would give power back to the people.

A Tory government would "set the people free."

Specific matter, it would be important for the Government to know that it had the support of the majority of the people.

"It is in this context—and in this context only—that I have suggested a referendum to test public opinion. In those circumstances, I say 'let the people speak.' I hope and believe the situation will never arise."

The Tory leader said that a strong and responsible trade union movement was essential to the country and its rights must be respected. Yet the belief that these rights took precedence over all other rights and even over the law itself, could be fatal to the country.

Happily, the great majority of trade unionists knew that while their leaders represented them at work the government of the day represented them in parliament.

"We in the Conservative Party look forward to a long and fruitful association," she told delegates. "A Conservative Britain will be as much in the interest of union members as of the rest of the community."

Labour kept repeating that the Tories would not be able to work with the unions and they did so merely because the present government could not afford to run on its own record. When the time came, she believed, union leaders like Mr. Jones, Hugh Scanlon, David Bannett and Clive Jenkins could be expected to take up this theme in varying degrees.

"And it won't be true—unless the unions are determined to make it true," Mrs. Thatcher declared.

Suppose, she said, that the unions were so determined. "Then we would face a situation in which an unelected minority was intent on getting rid of a government that it couldn't control and replacing it with one that it could."

However, she did not believe that the union leaders seriously intended to use their industrial muscle for political ends.

Nevertheless, people were asking if a handful of men with great power could hold the nation to ransom.

"The answer is, it's possible," she went on. "Should such a situation arise, for example, in a vital nationalised industry, it would be presented as a conflict between Government and union."

"This would be false," she said. "The real conflict would be between union and people. Because it would be the people that would make the choice."

In that case, the duty of the Government, any government, would be to act, through Parliament, on behalf of the nation as a whole.

In a vital issue such as this, two overriding aims, moving the country out of the red into the black, money on defence



Mrs. Thatcher, Conservative leader, receives her six-minute standing ovation at the party's conference.

and then back to independence as quickly as possible.

"A sure recipe for industrial blight is a Government that gives what amounts to a blanket guarantee that virtually any firm will be saved from the consequences of its own mistakes."

"No firm and no nation can behave indefinitely as though there is little difference between profit and loss, high production and low success and failure."

Mrs. Thatcher looked forward to workers sharing the profits they helped to create. "The Labour Party wants union leaders on Boards of directors."

She said that these would include a Bill giving council tenants the right in law to buy their own homes.

She announced: "That legislation, I promise you, will be announced in the first Queen's Speech of the next Conservative government."

Delegates stamped the floor to show their approval when Mrs. Thatcher called for a stop to the destruction of good schools in the name of equality.

"People from my sort of background needed grammar schools to compete with children from privileged homes like Shirley Williams and Anthony Wedgwood Benn."

The Conservative aim in education was simple—in raise standards for all the nation's children.

There was a further roar of approval when Mrs. Thatcher forecast that crime would be an issue at the next election.

Not, she explained, from any choice of bers but because of the feelings of old people terrified to go out at night, parents who worried when their children went out alone, and the anger of taxpayers and ratepayers who had to meet the bills for mindless vandalism.

"Yes, law and order will be an issue, a vital issue, at the election," Mrs. Thatcher declared. "And if anyone thinks that's Right wing, they should talk to the workers in the factories or the women at the supermarket."

She confirmed that the next Conservative Government would give more resources to the police while London, Glasgow, Manchester, Birmingham and the rest of our cities go the way of New York."

"We will bring them up to strength. We will give them money to do the job."

"I do not intend to sit on the sidelines wringing my hands while London, Glasgow, Manchester, Birmingham and the rest of our cities go the way of New York."

After praising the work of the security forces in Northern Ireland, Mrs. Thatcher launched a fierce attack on the Government's cuts in the defence budget.

"What sort of government forces front-line soldiers into claiming rent rebates, and makes many of them worse off than people who don't even try to work at all?" she demanded.

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Defence

Less money spent on food in August

Our Industrial Staff

THEY spent on food fell by 5 per cent, in August, compared with the same month last year, figures released yesterday show. But total retail sales only marginally over the period.

Outwear and clothing were only sectors where spending in August was greater than in same month last year.

Figures from the Government's Retail Sales Statistics Office show the index for the volume of retail sales at 1971 prices, seasonally adjusted, fell from 107.2 in August 1976 to 107.2 in August 1977.

Of durable goods fell six points during the period, to an index of 107.2, which is only marginally greater than the fall in the index for sales of food, which stood at 107.2 in August this year.

Spending rose in footwear and clothing shops, with the August index standing at 113, compared with 108 one year ago.

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BA denial over Australia flights

BY DAVID FREED

BRITISH AIRWAYS yesterday denied that a £100 reduction in return fares to Australia which it wants to introduce had been submitted because of Laker Airways' application for the same route.

Mr. Bernard Wood, legal director of British Airways, said at a public hearing before the Civil Aviation Authority that the new proposals had been formulated at the beginning of the year and not in response to the Laker application.

The authority listened to evidence from BA, which applied to be allowed to self-advance purchase excursion fares, undercutting its present cheapest rate by up to £100, and from Laker Airways which applied for permission to start a cheap-rate charter service from London to Australia and New Zealand.

Mr. Wood said British Airways was opposed to the Laker application because "we believe that any benefit the charter proposals may offer are far outweighed by the disadvantages which would be suffered by the market as a whole, and the damage that would be done to British Airways."

Laker wants to offer 71,000 seats a year with a twice-weekly service, stopping off to pick up passengers at Melbourne.

Mr. Freddie Laker, chairman of the company, said he aimed to start by December, although he accepted that because of the legal situation operations may have to begin later.

He asked the CAA to approve off-season fares of £240 return and peak fares of £355, with a 45-day booking period. BA has applied for a range between £395 and £500, with a 90-day booking period.

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Markets take it quietly

THE FURTHER setback in these, leaving the accumulated industrial equity market this week—the 30-share index has been below 500 for the first time in six weeks—is partly due to further evidence of stagnant production and disappointing company results but more, one suspects, to the fact that the gilt-edged market is still gasping for breath after an extremely rapid advance.

Wall Street

The weakness of Wall Street is an unfavourable influence in the background; but this is primarily due to anxiety caused by the rapid growth of the U.S. money supply and its large payments deficit, which in turn has helped to keep the sterling exchange rate strong against the dollar.

The strength of sterling and the amount of foreign exchange which the authorities are having to accumulate in their attempt to keep the rate pegged against leading currencies in general continue to pose formidable problems in keeping tight control over the growth of our own money supply. This week the Bank has been forced to let minimum lending rate drop by another 1 per cent—a drop which this time has triggered off a sharp fall in the lending rates of the clearing banks—to discourage the inflow. They have also announced a new long-dated tap stock to help absorb and neutralise it, which, like its predecessors, will be expensive in terms of national debt servicing charges.

Exchange rate

There is no indication yet, however, that the arguments in favour of letting the exchange rate appreciate have had much effect on those who feel that, if anything, a lower rate is needed to maintain the competitiveness of U.K. exports; and the most that is generally expected at present, apart from the continuing fall in interest rates, is some relatively minor relaxation of exchange controls. Yet the latest evidence is that the factors which have led to the present strong demand for sterling are as potent as ever.

The September trade figures published yesterday, for example, are exceedingly good, though the current surplus is not quite so high as the exceptional figure for the previous month, the visible balance is still large and positive: the current surplus for the last two months alone has offset most of the deficit of the previous

The fiasco of tobacco substitutes

BY STUART ALEXANDER

IT WILL take the tobacco industry a long time to live down the nightmare of launching tobacco substitutes onto an unwilling British public. With all their experience of sales and marketing, all their millions of pounds to spend on research and advertising, the tobacco companies have been left with egg on their faces.

The latest estimates are that cigarettes containing the two substitutes available have at best 2½ per cent of the total market, although 2 per cent may be nearer the mark. Lack of demand has led to heavy returns of some brands and the heavy tax refunded.

In addition to the poor response in the market, bitter arguments have arisen about the Government and its agencies apparently trying to pull the rug from under the attempt to make cigarettes less of a hazard to health. ICI has threatened to run down research into a Mark 2 product, the practicality of long-term monitoring tests on humans has been thrown into jeopardy; and the Hunter Committee on smoking and health has apparently decided that the scientific guidelines for any future tobacco substitutes would have to be updated and changed.

The immediate future for substitutes is bleak and the long-term prospects difficult to determine. The industry had only a short time to deal with the problem of launching them. That time has nearly run out.

When the idea of substitutes first began to attract serious work in this country in 1966 the political and social climate was markedly different from today. The main motive was commercial, in that ICI wanted to develop uses for cellulose, and Imperial Tobacco wanted both to be protected against fluctuations in the supply of natural tobacco and, as industry leader, to be in at the start on a development that seemed to have enormous potential.

Eleven years later the pressure groups have built up, government Ministers have regularly made anti-smoking speeches, to the point of describing the habit as obscene, and the Royal College of Physicians has made sure that, however much the public wishes to ignore them, the health risks have been clearly spelt out.

Then there has been a change in the market place. Eleven years ago everything was run in orderly fashion and Imperial was imperial. By 1977 the market was witnessing a price war, Imperial's market share was under pressure—it was particularly

vulnerable in the growing king-size sector and in the low tar sector developed by Gallaher's Silk Cut—and brand loyalties were substantially eroded.

The third factor was the intervention of the Government on scientific grounds. One of the main reasons for setting up the independent scientific committee on smoking and health, the Hunter Committee in 1973, was to set standards for the research programmes into substitutes and to monitor their progress and quality.

The struggles of the two consortia to satisfy this committee have considerably lengthened the time between the initial development of the two products and their clearance for public consumption.

The Hunter Committee came on to the scene late. Both ICI and Imperial, in the U.K., and Celanese Corporation of America, in conjunction with Gallaher and Rothmans in the U.S., were already well ahead with their work and set on their own, different courses of scientific research.

While the companies were required to check out each other's work, the level of co-operation between them was less than it might have been. After all they were competitors. On occasions work had to be redone, because it did not meet the Hunter's Committee requirements and even while the research was being carried out new and improved methods of testing were being evolved. This was scientific research can often take a very long time, schedules were pushed back and with that the date at which the products could be marketed.

The companies, however, were anxious to see a return on their investments as soon as possible and pressed the Hunter Committee for an early decision. Many other countries were awaiting its decision but issues of great importance involving the scientific reputations of the committee members were at stake, and therefore it would not be hurried.

Eventually, on March 31 last year, both the substitutes obtained clearance. Cytrel had been developed by the Celanese, Gallaher, Rothmans consortium and NSM by the Imperial Tobacco/ICI consortium. The clearances given, however, were different in detail.

Announcing the decision in the House of Commons, Mr. David Ennals, the Health and Social Services Secretary, said that in the case of Cytrel the committee concluded it had no



What every cigarette smoker should know about NSM.

A new standard in tobacco substitutes.

The objective of developing NSM cigarettes was to create a product that would be a genuine alternative to tobacco cigarettes, one that would be safe, healthy, and enjoyable to smoke. NSM cigarettes are made from a special blend of tobacco and other natural ingredients, and are free from the harmful chemicals found in many other cigarette substitutes.

NSM cigarettes are available in two strengths: 10 mg. tar and 0.8 mg. nicotine, and 12 mg. tar and 1.0 mg. nicotine. They are available in packs of 10 and 20 cigarettes.

For more information, contact NSM at 125 Finsbury Avenue, London EC2A 3DF.

objection to raise—on the scientific data submitted. In the case of NSM, however, the tests carried out did not go as far as those set out in the first report of the committee, but NSM's scientific evidence contained considerable supplementary information sufficient to satisfy the committee that it should be considered under the committee's flexible terms of reference for tests which had been started before the committee's guidelines were published.

Professor, now Sir Robert, Hunter has recently confirmed that at that time the Imperial tests were incomplete and that the committee had made it clear that they would have to be completed satisfactorily. Explaining the move, Dr. Frank Fairweather, chief scientific adviser to the committee and a member of it, has said that the committee unanimously agreed that the results of the tests already seen were such that it could reasonably be expected that they would be satisfactory on completion.

No clearance was given. But immediately there arose another difficulty for the manufacturers. For, after they had—as they saw it—taken a great deal of trouble to comply with Government thinking and make a real effort to produce lower tar, less hazardous cigarettes, the products were given no endorsement by the Government.

On the contrary, Mr. Roland Moyle, the Minister of Health, said there was no such thing as a safe cigarette and the only way to avoid the dangers of smoking was to stop. This was followed by an advertising campaign conducted by the Health Education Council with Government money which told the confused public that smoking cigarettes with substitutes was like jumping out of the 38th floor instead of the 39th. That advertisement really hurt the industry, which felt it had been badly let down.

Again the timing was crucial. The industry knew it had only perhaps three months at the most to establish the new brands before it had to turn its attention to the possible outside threat of cigarettes containing flavour additives being introduced on October 1 and then the pre-January 1 battle to retain individual shares of what the batch 1 hold but to an apparent bias in Ernie's program towards more recent serial numbers. I may therefore follow Mr. Keir's advice to cash in my bonds and buy new numbers.

After the unprecedented occurrence of 12 new brands of cigarettes being launched on a single day—July 1—and the very heavy advertising campaign involved, the industry expected that a well-primed and curious public would give

its two versions of Embassy (bringing the total number of choices under the Embassy banner to 19) and with the new low-tar middle tar King size President.

President at first appeared to be in demand but a combination of supply and distribution problems coupled with further industry squabbles about the wording of its advertisements appears to have nipped that early success in the bud.

The post-mortem on substitutes began after only about three weeks in the market and has continued ever since.

Inevitably it has now widened in scope. To what extent did the marketing strategy fail and to what extent was the Government responsible for making it fail? The marketing strategy failed because the industry was too impatient because it was trying to sell a product that was already five years too late. The Government warnings have had little enough effect before the smokers to feel that they could be influential now.

Should the Government and the Hunter Committee have insisted that substitutes be used only in low tar cigarettes? Certainly Gallaher feels that it should. Not because they are strong in the low-tar sector but because it would have avoided the impression that substitutes were wonder products which, when added in any type of cigarette, would make them safe.

And have substitutes been so badly mauled by their first appearance that they may now just sink without trace and die? Probably not. But it may be five years before they are more generally accepted and before then the number of brands available seems sure to decline.

The hope lies in the two submissions made recently to the Hunter Committee by Gallaher for cigarettes containing both substitutes and additives. The use of "tobacco" flavours means that a greater percentage of substitute can be incorporated and this is the path which the Hunter Committee would like to see the tobacco industry tread. But the conversion of smokers to the new cigarettes will call for much long-term crusading and, while the other, W.D. & H.O. Wills, only 15 per cent with the Government.

Financial returns

It has pointed out that future generations of substitutes cannot be developed unless the present product shows some financial return. Imperial has publicly announced the burning of cigarettes and will make redundant half the workers at the 215m. Ardeer, Ayrshire, plant it has built to manufacture NSM. Output there is running at about 5 per cent, or less of capacity and the company has already looked at other manufacturing options for the factory.

Production is also low at the Cytrel plant in the U.S. but Celanese has made more effort to develop its world market. Both Cytrel and NSM need vastly improved demand to be in any way commercially viable.

The difference in the U.K. is that John Player, has taken 35 per cent with its three brands but while Gallaher and Rothmans buy from Celanese as they need Cytrel, Imperial is itself its only customer and has built

Letters to the Editor

Trade

From Mr. R. Buckle

Sir,—As yet the Government has announced no North Sea oil depletion policies. It is important that oil should be produced at the optimum rate for the maximum benefit to the economy.

Britain is already showing signs that she may shortly suffer from "Dutch disease" which consists of lack of industrial competitiveness caused by a strong currency, following overproduction of energy. To avoid this, I suggest that production of North Sea oil should be limited and we should continue to be a net importer of considerable amounts of Middle East crude. These imports would be financed by industrial exports which would follow from a slightly weaker currency.

The benefits of oil would arise include an increase in industrial activity, leading to a fall in unemployment and a considerable increase in the life of the North Sea oilfields, thereby alleviating the risk of an energy gap.

R. N. Buckle.

The Villa, Redmile, Nottingham.

Boycott

From Mr. I. Stewart.

Sir,—In the event of a breach by Ford, a national average of 10 per cent or less, would be unobtainable, because: (a) other groups would possibly follow suit; and (b), an increase of the likely magnitude at Ford, would be very difficult to offset, in order to achieve that average.

With the Government's inability to impose sanctions upon Ford in the event of a breach, the ball would be firmly in the court of the car-consuming public in Britain, who could simply boycott the company.

May the people of Britain join forces with the Government for however short a time necessary to assist them around Mr. Callaghan's proverbial corner, which we appear almost to have reached. Furthermore may any groups of workers who cause that corner to be at the wrong end of a one-way street, be well

warned of the consequences in attempting to enter it from that end.

Iain J. Stewart,

Feochan,

Hillside Road, Dundee.

Honour

From the Managing Director,

G. A. Engineering Services.

Sir,—I was interested to note that Mr. Kenny of Grimshaw Holdings has stated that it would be a "matter of honour" to support a subsidiary. Could not this be made legally binding on all companies who claim to be "members of so and so group" or "subsidiary of such and such company"?

So far as I can find out far from carrying any weight whatsoever the use of the above and similar phrases are simply ploys by these subsidiaries to obtain credit or confidence from gullible suppliers and when the crunch comes the parent company can "slip out from under" without any liability.

Perhaps advertising media carrying their misleading claims could also be held liable or is that asking too much?

L. R. K. Gregory,

Lower Herne Road,

Herne Bay, Kent.

Automation

From the Deputy Managing Director—Europe, Diebold Europe.

Sir,—I would like to draw attention to three points relevant to your "office equipment" feature of October 3. The range of equipment now on offer has the virtues of comparative simplicity, lower cost, higher reliability and the availability of program packages obviating the need for high technical skills—all attributes that have obvious appeal to the smaller business.

The points I would like to emphasise are firstly, the benefits that the smaller company could obtain from using the computing equipment featured in your supplement can be really worthwhile. The power of what is

the large computer is now available in the price, size and in the form that it can be profitably used within small businesses. It is to be hoped that Mr. Lever's small business study will not omit means whereby such businesses could be encouraged and perhaps aided to use the new range of computers that is now available.

My second point is to draw attention to the effect of the recent years of recession in the U.K. which has caused us to pause in the use of computer and office automation. There are indications that some Continental companies are ahead of the U.K. We may have some need to catch up.

Finally, our British exporting companies are, at this stage, at a disadvantage when compared with American companies where new policies and regulations have freed users from restrictions that we now associate with the Post Office and, on the Continent, the PTIs. It is hoped that the disadvantages now suffered by our manufacturing companies will not be passed on to the U.K. users of this equipment.

J. M. Thornley,

Sutherland House,

56, Argyle Street, W.I.

Parliament

From Mr. J. Duncan

Sir,—The periodical outbursts from sections of the Labour Party concerning the abolition of the House of Lords leads me to wonder why no one has suggested the abolition of the House of Commons, for it is the latter body which makes life less and less tolerable with new-thought-out taxes to finance vast expenditure of other people's money and by taking more and more power over other people's lives.

If toleration is to be preserved, it seems that it is the lower House which needs at least reforming.

Many seem to think that democracy is doomed. If its demise should come about, should we not pave a way for future government to be in the hands of those most suited for it by culture, morality and ability? Where are these quali-

ties more likely to be found than among the bureaucracy, the leaders of the Church and those whose abilities have won them a place in the House of Lords, presided over by our inestimable Sovereign?

The House of Commons provides no inspiration, being concerned almost entirely with material things—many other people's. The Socialists, in particular, show no consideration for minorities, however substantial.

J. G. Duncan,

176, Epsom Road,

Guildford, Surrey.

Talents

From Mr. R. Hargreaves.

Sir,—Could it be that in declining to accept the offered salary (October 11) Messrs. Scanlon, Unwin and Bassett have a greater appreciation of their worth to the National Enterprise Board than Mr. Varley?

R. G. Hargreaves,

100, Goldharbour Road, Bristol.

Coincidence

From Diane Gleck

Sir,—I write in response to Mr. W. Keir's letter (October 11) last any of your readers should accept his assertions, as he betrays an unfamiliarity with elementary laws of probability.

What indication is there for his assertion that the Liberal Party would do better at the polls next March, say, than it would have done last March, that is, before the pact with the Government?

The Tories talk glibly about the pact having saved the Liberals from "electoral disaster" but there is in fact not the slightest evidence for this. It follows that our claim to have acted in the country's interest was indeed an honest one, however much Mr. Radmore and others of his ilk may dislike the fact.

Peter Easton,

122, Somerset Road, S.W.19.

Fuses

From Mr. A. Lamb.

Sir,—I was pleased to see Mr. J. Brockbank's letter (October 8) regarding fused plugs.

In any small sample, however, it is conceivable that one number (any number) may occur 30 per cent of the time.

Returning to the slide-rule, the numbers 1 to 9 are not distributed randomly but on a logarithmic scale, so that multiplication and division are performed by means of the addition and subtraction of logarithms.

Mr. Keir is attempting to use one fallacy to prove another. In conclusion, as another Premium Bond holder who has never won a prize, I ascribe this not to the "unluckiness" of the batch 1 hold but to an apparent bias in Ernie's program towards more recent serial numbers. I may therefore follow Mr. Keir's advice to cash in my bonds and buy new numbers.

Diane J. Gleck,

2, Sarre Road, N.W.2.

Politics

From the Prospective Liberal Parliamentary Candidate for Shoreham

Sir,—Not wishing to encroach upon the patience of your readers, let me keep my reply to Mr. Radmore (October 11) short by asking him the very elementary question:

What indication is there for his assertion that the Liberal Party would do better at the polls next March, say, than it would have done last March, that is, before the pact with the Government?

The Tories talk glibly about the pact having saved the Liberals from "electoral disaster" but there is in fact not the slightest evidence for this. It follows that our claim to have acted in the country's interest was indeed an honest one, however much Mr. Radmore and others of his ilk may dislike the fact.

Peter Easton,

122, Somerset Road, S.W.19.

Entertainment

From Mr. P. Dumbill.

Sir,—Chris Dunkley (October 5) has been out of the country longer than he realises when he comments on BBC's My Music.

Muir, Norden and company have been entertaining Radio 4 audiences for years. It is indeed an ideal radio series.

P. Dumbill,

35 Tollerton Lane, Tollerton, Nottingham.

LAWSON HIGH YIELD FUND

Current Estimated Annual Gross Yield

10.2%

PAID QUARTERLY

INVEST BY 31st OCT.

FOR 15th DEC. PAYMENT.

GROWTH OF UNITS SINCE LAUNCH IN JUNE 1974

Accumulation Units Income Units

CAPITAL NOW £2121 NET INCOME PAID CAPITAL NOW £1583

£1000 INVESTED £1000 INVESTED

APR: A high and increasing income. FUND NOW EXCEEDS £1,750,000.

Given the general fall in interest rates investors seeking a consistently high income should buy units now, whilst this high yield is still obtainable.

The price of units and the income from them can go down as well as up.

A wider range trustee security authorised by the Department of Trade. A 5% initial charge is included in the price. An annual fee of 2% plus VAT is deducted from gross income. 1% commission to agents. Trustees: Cybele Bank Ltd. (Member of Prudential Bank Group) Managers: Lawson Securities Ltd. 31 George Street, Edinburgh EC2. Tel: 01-226 3971. Registered in Edinburgh SS15. During an office, units may be bought or sold daily—otherwise weekly on Friday. Settlement for units sold follows within a few days.

FIXED PRICE OFFER Unit WED 28th OCT 1977

The Managers reserve the right to close this offer if the true price rises by more than 2%.

Income Units 53.1p Accumulation Units 70.7p

To Lawson Securities Ltd FREEPOST, Edinburgh EC2. QDS (no stamp required) or Tel: 01-226 3971 (5 lines + 24 hour Answerphone Service)

I enclose a cheque payable to Lawson Securities Ltd (not to be cashed in Lawson High Yield Fund).

For accumulation units mark "A" For income units mark "I" For details of charges please mark "C" For share exchange details please mark "X"

Signature

Name in full

Address

HY 125 FT 151077

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Up 3.47 on bargain hunting

BY OUR WALL STREET CORRESPONDENT

BARGAIN HUNTING halted the recent down trend on Wall Street to-day, breaking a five-session losing streak to close out the week on a firm note in moderate trading.

The Dow Jones Industrial Average regained 3.47 to 821.64, reducing its loss on the week to 15.71. The NYSE All Common Index, at 581.24, rose 2 cents on the day but was still down 31.35 on the week, while rises and falls were more evenly matched at 644-to-702. Trading volume, however, decreased 3.46m, shares to 20.41m.

Citibank's announcement at the outset that its prime lending rate would not be raised for at least

another week, lent some stability to the market. Many investors had expected an increase to 7 1/2 per cent, from the current 7 1/4 per cent, level.

The real focus this week, however, was on the money supply, numbers, with many investors anticipating a substantial increase.

NCR were active, but gave up another \$25 to \$40.

Digital Equipment, also active, fell \$2 1/2 to \$43, while heavily traded Alcon Laboratories advanced \$1 1/2 to \$29 1/2 on the strength of its recent statement that it received "expressions of interest" for a merger.

Medusa jumped \$2 1/2 to \$30 1/2, but had been approached for a possible combination.

THE AMERICAN SE Market Value Index edged 0.02 to 115.39, for a loss of 3.26 on the week.

Canada mixed

Canadian Stock Markets were mixed in fairly active trading yesterday.

The Toronto Composite Index shed 0.7 to 884.4. Oil and Gas 2.1

to 1210.2. Utilities 0.05 to 159.48 and Banks 0.95 to 221.36.

Metals and Minerals up on 2.4 to \$82.7. Golds strengthened 2.1 to \$288.4 and Papers gained 0.15 to 90.60.

PARIS—Lower in thin trading, pressed by the disturbed Foreign Exchange Market and Wall Street's two-year low.

Belgium exceptionally weak in a depressed Food sector.

BRUSSELS—Belgian shares mostly lower in average trading.

St. Roch slightly off, although it expects to at least equal its 1976 net profit made in 1974.

German stocks rose, but U.K. and French issues down and Dutch fell slightly. Gold Mines little changed.

AMSTERDAM—Narrowly mixed. Banks and insurances mostly higher. Chemicals fell. F. 4. State Loans higher.

OSLO—Banking and insurances steady. Shipings quiet. Industrials slightly firmer.

COPENHAGEN—Lower after active dealings.

SWITZERLAND—Mixed, with no apparent reaction to remark of president of Swiss National Bank

that Switzerland has no intention of introducing a ban on foreign purchases of Swiss stocks and bonds to stem rise of Swiss franc.

MILAN—Generally lower in end-October technical factors restricting business.

VIENNA—Generally steady. Breweries continued upwards, led by Goessler.

HONG KONG—Slightly easier, in quiet trading, with most activity in Banks.

TOKYO—Prices fell, led by Blue Chips and Popular Issues, following the Yen's sharp appreciation.

Export Oriented Electricals, Vehicles and Precision Instruments levelled-off in line with overnight fall on Wall Street, although some turned upwards on "cheap" buying towards close.

JOHANNESBURG—Gold shares gained up to 50 cents in quiet trading.

Copper and Asbestos shares mixed. Platinums firm.

AUSTRALIA—Mixed, with Coal and Allied falling 75 cents to \$2.07 after New South Wales Government announced it would acquire at least 51 per cent of Cal's Warkworth deposits.

NEW YORK, Oct. 14.

OVERSEAS SHARE INFORMATION

NEW YORK

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OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

6

SUMITOMO
HEAVY INDUSTRIES, LTD.
Tokyo, Japan

For ocean development,
systems engineering,
and environment protection.

MINES—Continued

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